

EUROPEAN NEWS

Bonn parties hijack East German elections

Nascent political groups have been swamped by their western 'allies,' says Leslie Colitt

HIGH on a new building rising at the intersection of Friedrichstrasse and Leipziger Strasse, a team of East Berlin workers have painted a campaign slogan for the forthcoming East German elections.

"We're voting SPD" (Social Democratic Party) the message reads against a background of the black, red and gold German colours. Two painters said it was the contribution of their work brigade at Ingenieur-Hochbau, the state building company.

The Social Democrats, the largest party in what is now East Germany before Hitler's takeover in 1933, were swallowed up by the Communists in 1946. Resurrected only five months ago at a clandestine meeting in a pastor's house outside East Berlin, they are now favoured to become the largest party in East Germany's first free elections on March 18.

However the latest opinion polls indicated their lead over the Christian Democrats may be shrinking.

Although staunch supporters of the SPD, the two painters, Mr. Elias Eckhard and Mr. Dietrich Schmidtke, were less than optimistic about their own prospects in a future market-oriented East German economy. "We are bleeding now and will continue to bleed. As lowly workers we won't get far," Mr. Schmidtke said.

Paradoxically, interest in the election is greater in West Germany than in the East where campaigning has been extremely low-key. This has not prevented the parties from accusing each other of waging dirty campaigns. Election posters of nearly all the parties have been torn down and defaced and the old Communist leadership has accused the CDU of trying to besmirch it with the slogan "Socialism - never again."

Mr. Helmut Kohl, the West German Chancellor, was roundly heckled by leftists at his rally in traditionally Social Democratic Magdeburg last



Leipzig demonstrators demanding unification

Tuesday, provoking cries of "Communist swine" from his supporters. Mr. Kohl claimed the hecklers were imported from West Germany.

Mr. Jutta Bernhard, a hospital technician from Potsdam, said many of her fellow citizens were confused and unable to choose between the parties. She was queuing last week-end to tour the former headquarters and detention centre of State Security (Stasi) in Potsdam. The grisly visit which attracted thousands of angry Potsdamers was organised by New Forum, the opposition movement which helped oust the old Communist leadership.

New Forum, however, was unable to build on the moral authority and the 600,000 signatures it had last autumn. The citizens' movement was swamped by the mass entry of West German political parties into East Germany.

It failed to realise until too late that most East Germans were not interested in preserving a separate state or identity. In order to avoid a further loss of support New Forum joined with Democracy Now and the Initiative for Peace and Human Rights to form the centre-left Alliance 90. Even the candidacy of Mr. Hans Modrow, the widely-respected East German Prime Minister, for the Party of Democratic Socialism (PDS), the successor to the disgraced Socialist Unity (Communist) Party, is unlikely to greatly improve its fortunes.

Mr. Gregor Gysi, the PDS chairman, promised the party would protect citizens from the excesses of capitalism. But few East Germans trusted the PDS or the claim, based on its 650,000 party members plus their families, that it would gain between 12 and 15 per

cent of the vote.

Massive support by the West German parties for their East German counterparts and the heavy presence of West German politicians at election rallies have given rise to charges of gross interference by Bonn in the election campaign. This was inevitable, however, as East Germans for decades were wholly oriented toward West German politics in the absence of a political choice in their own country.

A major factor in the strength of the East German PDS has been the active campaigning of Mr. Willy Brandt, the former West German Chancellor who last Saturday was widely cheered by a crowd of 70,000 in Erfurt 20 years after he went there as Chancellor to meet the East German Prime Minister, Mr. Willi Stoph.

Next to Mr. Brandt, Mr. Ibrahim Böhm, the dapper 45-

year-old historian and SPD standard-bearer, is a political lightweight. But he seems confident of becoming the first, and probably last, freely-elected Prime Minister of East Germany before unification.

Mr. Böhm may lack political polish but he is tough-minded, a product of many years in opposition, including 15 months detention after leaving the Communist Party in 1976.

Even Mr. Kohl, who rarely inspires crowds, was cheered by flag-waving East Germans at his previous election rallies in Erfurt and Karl Marx Stadt. His Christian Democratic Party, however, has had a much greater hurdle to overcome in East Germany than the SPD.

For more than 40 years, the East German CDU was a satellite of the Communist Party and is finding it difficult to shake off its past image despite the respected new chairman, Mr. Lothar de Maizière.

At the urging of Bonn, an Alliance for Germany was formed between the CDU and the other main conservative parties, Democratic Awakening and the German Social Union. The Liberal Democrats, another former ally of the Communists, also linked forces with the German Forth Party and the Free Democrats to form the Federation of Free Democrats which enjoys the active support of the Free Democrats in Bonn. Analysts agree that although the SPD is likely to emerge as the strongest party it will need coalition partners in order to govern. Even a Grand Coalition is not ruled out.

"The only party we all exclude from a coalition is the PDS which means that everything is possible," Mr. Ulrich Wink, a spokesman for the CDU, noted. For their part, the Social Democrats are hopeful that a strong SPD in East Germany will tip the balance in favour of the opposition Social Democrats in Bonn whenever the first All-German elections are held.

Two-tier reform of the East German banking system was approved by the Volkskammer (parliament) this week but it represents no more than an interim stage before West German and foreign banks can open branches in the east, and the central bank is subsumed in the course of currency union with the West.

The reorganisation prescribes a split in the old structure, a monetary union with 40,000 employees that has acted both as central bank and as the country's commercial leading institution.

The new central bank (still called the Staatsbank) will be fully independent from the government, like the West German Bundesbank. It will run monetary policy, carry out a simplified minimum reserve system and assume responsibility for banking supervision, according to officials.

Meanwhile, the commercial banking operations of the old Staatsbank will be reorganised into a new entity called Deutsche Kreditbank.

Sket - a German acronym for Ernst Thälmann Heavy Machinery Kombinat - is in better shape than most other East German combines. The enterprise has already been discussing with several western banks the possibility of taking out loans against its order book.

"Once we can get our property values we will take the offensive in borrowing," Mr. Wendt says.

He does not see a need to sell off parts of the company as some weaker East German combines are being forced to, and adds that he even foresees a gate-keeper at a West German Volkswagen plant.

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Rover in car venture talks with Bulgaria

By Kevin Done, Motor Industry Correspondent

ROVER Group, the UK car maker and a subsidiary of British Aerospace, has begun preliminary talks with Bulgaria about a collaborative car production venture.

Rover said it had been approached in early January by Vamo, a Bulgarian state-owned engineering group based in Tolbuhin in north-eastern Bulgaria, about setting up a car assembly operation for its Maestro car range.

A report by BTA, the Bulgarian news agency, which Rover described as "preliminary", said that Rover would set up a plant to make 7,500 Maestro four-door family cars a year by the end of 1991, rising to 50,000 a year by 1994.

The report said that Rover planned to set up production lines and provide training. The cars would be sold locally.

Bulgaria has only a minor car assembly industry centred on the production of 14,000-15,000 Soviet Moskvich cars a year. The country has previously had negotiations with Renault of France about modernising facilities.

East German banking reform

By Katharine Campbell in Frankfurt

A TWO-TIER reform of the East German banking system was approved by the Volkskammer (parliament) this week but it represents no more than an interim stage before West German and foreign banks can open branches in the east, and the central bank is subsumed in the course of currency union with the West.

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KGB says it is ready to defend socialist system

By John Parker in Moscow

THE KGB has told the Soviet parliament that it would be willing to "act in the interests of the people (to) protect the security of the socialist system."

The warning was relayed yesterday in Moscow by a new independent news agency, Postfactum. The agency quoted a leading parliamentary reformer, Mr. Anatoly Sobchak, who said that the KGB's message had been circulated recently among members of the Supreme Soviet, the country's permanently-sitting parliament.

It comes just before a special session of the Congress of People's Deputies, the country's super-parliament, which is due to meet on Monday to discuss proposals for sweeping new presidential powers. And it appears on the eve of a plenary session of the Communist Party's Central Committee, which meets at the weekend to discuss new rules governing

the party's conduct once the constitutional guarantee of its monopoly powers is abolished.

The warning was not signed by Mr. Vladimir Kryuchkov, the KGB chief, and appears to contradict his recent attempts to rid the security police of its old image as an instrument of political repression.

In the past few months, Mr. Kryuchkov, usually regarded as an ally of President Mikhail Gorbachev, has tried to portray the organisation as a bastion against crime, corruption and foreign subversion.

However, according to the news agency, the warning was issued by the KGB's central office and its language suggested that the KGB's worries coincide with those of the more extreme Russian conservatives who have accused Mr. Gorbachev of tolerating anarchy and pandering to liberal groups. The message said the Government was "gambling on glasnost".

Bonn sets DM6.5bn 'unity costs' budget

By David Goodhart in Bonn

THE West German Bundestag yesterday passed a supplementary budget, raising public borrowing for the year by DM6.5bn (£2.3bn) to DM33.5bn to cover the cost of developments in East Germany.

The government continues to insist that tax increases are not required but the Bonn Finance Ministry does not rule out still higher public borrowing in the event of a rapid move towards unity and some economists believe that borrowing could rise to at least DM40bn this year.

Most of the extra costs to date have come from public building works and grants for the wave of German immigrants into West Germany.

The Finance Ministry said that every 100,000 new immigrants from East Germany cost about DM600,000 a year and every 100,000 new immigrants from other parts of Eastern Europe cost DM1.5bn.

The immigrants are, however, also contributing to faster than expected economic growth which should, through higher tax revenues, contribute to carrying the extra costs.

Economic growth will not, as expected, slow slightly this year but will match last year's 4 per cent growth rate, according to the latest survey of the DIET, the national organisation of Chamber of Commerce.

This view appears to be supported by strong trade and industrial output figures for January. The trade surplus, which reached DM134.7bn last year, is expected to narrow sharply this year as domestic consumption is boosted by tax cuts and the inflow of East Germans. But in January it rose to DM12.8bn, from DM10bn in December. Industrial production was up 1.7 per cent on December.

The one apparent counter-signal comes from industrial orders, which fell 5.5 per cent in January. A correction from December's unusually high figure had been expected but its sharpness took some economists by surprise. Mr. Giles Keating, London-based economist at Credit Suisse First Boston, said that the orders fall may be another sign of a squeeze on capacity.

East German enterprises look to the West

By Leslie Colitt, recently in Magdeburg

MR. Frank-Dietlef Wende, deputy general director of Sket, one of East Germany's largest engineering combines, or state-owned enterprises, believes firmly that East Germany can and must approach the coming union with West Germany on its own economic feet.

"We are wealthy enough to pay for the economic change-over ourselves," he says, adding that East Germany could offer 30 per cent of its state-owned assets as security to western banks to raise the capital needed for economic growth.

"I prefer this to economic unification which means giv-

ing this country to West Germany as a gift," he says. But the 38-year-old manager, who left the Communist Party only last month, says he also wants Sket to be prepared for the inevitable advent of the D-Mark.

The company's assets needed to be revalued and production costs slashed, he said. Plans had been drawn up for a radical reorganisation of the enterprise, which will inevitably include closing some production lines.

Mr. Wende does not share most East German managers' enthusiasm for joint ventures with western companies and says Sket, with annual sales of

East Marks 3bn, is technologically strong enough to stand on its own.

The company's order books are full until 1995, with two-thirds of sales earmarked for sale in Comecon countries. Half of these are to the Soviet Union, where 80 per cent of rolled steel is made on Sket equipment.

But Mr. Wende says the Magdeburg company would be a natural partner for Western companies seeking to expand ties in the east. It has recently, for example, co-operated with Schleemann-Siemag of West Germany on technical development and financing for joint exports.

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NEWS IN BRIEF

Yugoslavia to sign IMF restructuring agreement

YUGOSLAVIA would next week fulfill the precondition for Western government aid by signing an agreement with the International Monetary Fund on terms of economic restructuring, Mr. Ante Markovic, the Yugoslav Prime Minister, said yesterday, writes David Buchanan in Brussels.

After talks with Mr. Jacques Delors, the Commission president, the Yugoslav leader said his country, which has had associate status with the EC for a decade, deserved special aid because it had already made considerable effort to cut foreign debt and build up reserves.

Mr. Abel Matutes, a member of the 17-person college of European Commissioners, is to lead a high-level delegation to Yugoslavia in the next month to assess the country's needs before the June ministerial meeting of the Group of 24 western aid donors.

Of the five new East European applicants for aid from the EC and other members of the Group of 24, Yugoslavia last month put in the steepest demands, asking for help to reorganise its banking system and \$1bn in medium term economic aid over the next three years, one third of it on favourable terms from the EC budget. Brussels is only earmarking an extra Ecu500m spending for all five East European countries.

Austrian-Yugoslav venture

Oesterreichische Leanderbank, Austria's fourth-largest commercial bank, said it is founding Yugoslavia's first joint venture bank with the Slovenian trading concern, Reuter-reports from Vienna.

Leanderbank said it signed a preliminary contract in Ljubljana with its new partner, a Yugoslav trading house which represents several international concerns on the Yugoslav market as well as making and selling wood products.

Oracle opens up in Moscow

Oracle Corporation, the leading supplier of database management software and the third-largest software company in the world, said it is opening offices in Moscow and Vienna to support growing demand for its products in Eastern Europe, writes Louise Kehoe in San Francisco.

The company said that it has made several sales in Hungary, Poland, Czechoslovakia and the Soviet Union over the past few months to reorganised government institutes and to private companies.

Mr. Yuri Parad, newly appointed managing director of Oracle east Europe, said he expects to be able to win several millions of dollars worth of orders this year.

Until recently, export control restrictions have prevented Oracle from selling in the Eastern Bloc.

VW plans East German car investment

Volkswagen, the West German car maker, said that its East German partner, the Kombinat Personenkraftwagen, plans to announce details of a joint automobile venture on Monday at the Leipzig Fair, writes Kevin Done in London.

Mr. Carl Hahn, VW management board chairman, has said that VW is planning an initial investment of around DM5bn in the joint venture to build a successor to East Germany's Trabant.

WILL CONFIDENCE IN HONG KONG BE RESTORED?

Fear of the prospect of rule from Peking has dealt what could be a mortal blow to business confidence in Hong Kong. Can confidence in the future after 1997 be restored? What will happen to the economy if it is not?

This Special Report from The Economist Intelligence Unit forecasts Hong Kong's economic prospects under two scenarios, favourable and unfavourable. It considers Hong Kong's future as a manufacturing base and financial centre, comparing its strengths with those of its major competitors.

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EUROPEAN NEWS

Greece warned of economic crisis by IMF

By Kerin Hope in Athens

A CONFIDENTIAL report on the Greek economy by the International Monetary Fund warns that this year's public borrowing requirement will exceed 25 per cent of GDP unless stabilisation measures are quickly adopted.

Long-overdue structural reforms must be implemented with determination by the government that emerges after the April 8 election in order to avoid a repeat in the 1980s of Greece's weak economic performance in the past decade.

Similar warnings that an economic crisis is looming have come from the Organisation for Economic Co-operation and Development and the European Commission in recent weeks.

The preliminary IMF report was handed to the government after the team completed its annual examination of the Greek economy last month.

Its findings contradicted assertions by the all-party coalition Government that last year's record PSBR of 21.5 per cent would be cut by 3 percentage points in 1990 through price rises, a freeze on hiring in the public sector and spending

cuts.

The report called for a broad-based austerity package which would include wage ceilings and a drastic overhaul of the heavily indebted state pension system. On the revenue side, indirect taxes should be raised and the fiscal system reformed so as to reduce tax evasion and broaden the tax base.

If such measures are applied strictly, the PSBR could be shrunk by 4 percentage points of GDP in the first year, and 2 percentage points in each of the two following years.

However, the report noted that the interim budget prepared by the coalition runs out in April. It will be up to the next parliament to approve a new budget for the rest of 1990.

The outgoing Prime Minister, Mr Konstantinos Karamanlis, a former central bank governor, said last week that "draconian measures" would be needed to rescue the economy. He accused the three political parties in the Government of undermining his efforts to curb the public sector deficit for the sake of short-term political gains.



A Soviet woman in Moscow demonstrates against poverty

Moscow fails rights test

FIVE out of six conditions set by the British Government for its attendance at next year's human rights conference in Moscow remain unfulfilled, according to a group of eight "Emigrant Persons" from Britain who visited the Soviet Union last month, writes Edward Mortimer.

The group, organised by the Student and Academic Campaign for Soviet Jews, said the one condition that has been met is Soviet citizens are now free to monitor the observance of human rights. In the other five areas it concluded:

- Freedom to emigrate is still not guaranteed. The number of Jewish emigrants has vastly increased, but some who have been waiting 10 years or more for permission to leave are still waiting.
- There are still some 130 prisoners of conscience.
- New laws promised to protect human rights have still not been promulgated.
- Many religious and cultural activities, notably religious teaching, remain illegal.
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- New laws promised to protect human rights have still not been promulgated.

Portugal braces for a glossy birth

A new daily is set to swell bustling newstands, writes Patrick Blum

MONDAY'S launch of *Publico*, a slick nationwide daily newspaper with simultaneous editions in Lisbon and Oporto, is the latest and most ambitious venture yet in Portugal's fast expanding private press.

With this year's planned privatisation of two state-owned newspapers and the end of the government television monopoly, it is unlikely to be the last.

The Portuguese media has been lately seen a dramatic increase in the number of newspapers, magazines and private radio stations. But the euphoria accompanying many of the newcomers turned sour after several failed almost as fast as they were launched.

Publico, the brainchild of a group of journalists and of Mr Belmiro de Azevedo, an aggressive northern entrepreneur who provided the finance, came close to failure itself even before its launch. After an extensive and glossy publicity campaign, the paper was to appear on the newstands on January 2. Serious problems with new and untried technology, forced the launch to be indefinitely postponed, to the delight of rival newspaper owners.

A band of 10m people, Portugal has 11 daily newspapers, 10 national weeklies, excluding numerous smaller local papers, and a proliferation of maga-

zines covering everything from fashion to sport, the arts and business.

Competition for readers and advertisers is fierce and costs have risen as newcomers seek to attract to the best journalists. But after two months of uncertainty and raids on other newspapers for top journalistic talent, *Publico*'s journalists are relieved that the project has finally got off the ground. Mr Jose Manuel Fernandes, one of three assistant editors, is confident of success. "If the response (from readers and advertisers) is as good as it has been so far, there will not be any problems."

Some 120,000 copies will be printed for the launch issue and an eventual print run of 80,000 is envisaged, with sales of around 64,000. This would make *Publico* one of the largest Portuguese dailies, close to the populist *Correio da Manhã* and *Jornal de Notícias*, which sell around 70,000 each.

"We are the only first truly national daily newspaper," Mr Fernandes says. Others remain predominantly regional in sales, he explains. The private *Correio da Manhã* or the greener state-owned *Diário de Notícias*, both based in Lisbon, dominate in the centre and south, while the Oporto based popular *Jornal de Notícias*, also state-owned, and the business *Comércio do Porto* have

almost all their sales in Oporto and the north. *Publico* is hoping to break these traditional regional barriers.

The Portuguese newspaper industry has come a long way since 1975 when the state nationalised bulk of it. In the decade and a half since, the privately-owned press has once again become the dominant force. But it has not been easy.

Expresso, a respected weekly launched shortly before Portugal's revolution was almost alone in weathering those tumultuous days. It prospered as others closed their doors.

During the seventies, several attempts were made to launch new newspapers, but many were established for political purposes and failed. The first national daily launched about 12 years ago with clear commercial rather than political objectives was *Correio da Manhã*.

The past three years saw the launch and collapse of *Europa*, a national daily, and the relaunch of *O Seculo*, a daily founded at the end of the last century which had closed in the seventies. Poor management and marketing and fast accumulating losses forced closure of the paper and of two associated publications, *O Seculo Ilustrado* and *Vida Mundial* within a year. *O Jornal do Comercio*, a business daily which had also collapsed

in the seventies was relaunched in 1987 as a weekly, but closed again two and a half years later.

Other notable launches included the weeklies *O Independente* and *O Liberal*, *Semanario Economico*, a business weekly, which went daily as the *Diario Economico* last October. *O Liberal* faces closure and its journalists are seeking to raise funds for its survival. *Diario Economico* is reported to be having financial problems.

After the end of the Government's quasi-monopoly of radio in 1988, dozens of new private local stations sprang up. Until then, apart from the state-owned and run RDP, the only private station was *Radio Renascença* owned by the Roman Catholic Church. Since then there has been a blossoming of new stations, though the Government still resists further demands for nationwide networks.

Private television is likely to be the next battlefield among corporate groups. The Government has said that it will allow two national private channels and large private groups are already gearing themselves to fight for the franchises.

The result of all this activity is likely to be a further radical restructuring of Portugal's media industry. The clock has gone a full circle since 1975.

Anger as Euro-MPs hanker for Brussels

By Tim Dickson in Brussels

FRESH signs that the European Parliament urgently wants to make its permanent home in Brussels have sparked off a furious response from the French and Luxembourg Governments.

In separate statements this week both have reminded MEPs that any change to existing institutional arrangements - all sessions once a month in Strasbourg, committees and political groups in the Belgian capital, the secretariat general's headquarters in Luxembourg - is strictly a matter for the EC's 12 member states and not for the elected representatives themselves.

The latest twist in what has already been a long running triangular "tug of love" follows the apparent speeding up of plans spearheaded by Mr Jacques Delors, the Parliament's secretary general, to proceed with new office development in Brussels and to consider taking an option on the international conference centre being erected in the city. The Parliament's enlarged bureau - which groups representatives of all the political groups - may even make a formal proposal on this next week.

Fired by national pride and financial self interest France and Luxembourg have long been doing their best to thwart what they see as a well laid plot to halt the monthly exodus and increasingly centralise Parliament's activities in Brussels. Both, however, seem to be showing a new determination, some might say desperation.

Strasbourg, for example, has been making its own at times comic efforts to woo the MEPs with colour TVs and personal fax machines but the seriousness with which the issue is being viewed in Paris was underlined by Mr Roland Dumas, the French Foreign Minister at Monday's EC Council meeting in Brussels. In a debate ostensibly on the sitting of the EC's proposed new Envi-



Roland Dumas: fearful

ronment Agency, Mr Dumas said pointedly that the member states should first reaffirm their commitment to existing institutional arrangements.

As the Luxembourg Government spelt out more clearly in a rare public statement on the subject on Wednesday the three cornered compromise on the Parliament is established by an inter governmental Treaty of 1965 (which was confirmed in 1981). Member states, it added, can only overturn this by unanimity.

Luxembourg is currently taking legal action to challenge the steady trickle of secretariat staff to Brussels - 600 out of the 3,300 strong bureaucracy have already gone in what one diplomat disdainfully calls "this erosion process". The Court's previous rulings on the Parliament have been ambiguous to say the least but in reality a long term solution will only be found through political bargaining and compromise.

If nothing else those visionaries particularly in the European Commission who think that two of the Parliament's three feet can be easily chopped away - with French and Luxembourg pride easily assuaged should have been shaken out of their complacency.

Thousands of ethnic Turks return to Bulgaria

By Jim Bodgener in Ankara

ETHNIC Turks and Moslems who have fled persecution in Bulgaria have not always found life easy across the border in Turkey and some are deciding to make the journey back to their former homes.

So far, about one third have gone back out of the 330,000 who came across to Turkey since the flood started last May to escape the forced assimilation policy of the former regime in Sofia.

But of that third, only 16,000

have gone back since the decision in December by the Bulgarian Communist Party to restore ethnic rights.

Reasons for returning are varied, though commonly to reunite families divided by the exodus.

The restoration in principle of the names of more than 1m ethnic Turks and Moslems in Bulgaria, approved by the Bulgarian parliament on Monday, has been welcomed by Turkey, but Ankara still has misgivings. Of especial concern is the lowering of the age of individual responsibility in applications to the courts from 18 to 14 years.

Turkey plans to change its privatisation rules to ease sell-offs to foreign investors, a senior treasury official said, Reuters reports from Ankara.

The Government decided to scrap the local investor priority in privatisations in a move to free two block sales to foreign investors suspended by an Ankara court this year, said an official.

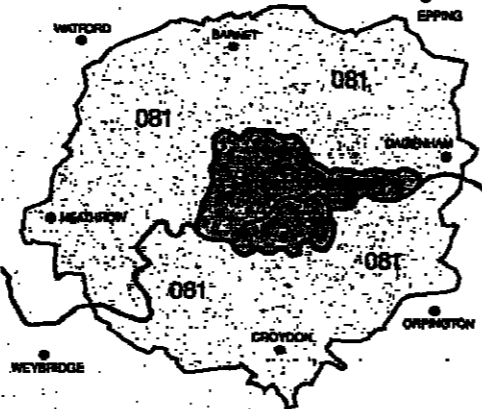
The court decided the block sales of a majority stake in a state-run air caterer to a Scandinavian Airlines System (SAS) subsidiary, and five cement plants to French Société des Ciments Français (SCF), were against existing rules.

From the Square Mile to the Oval.

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OVERSEAS NEWS

Jerusalem remains key obstacle to peace talks

By Hugh Carnegie in Jerusalem

AMONG the many formidable obstacles littering the path to peace between Israel and the Palestinians, Jerusalem looms as one of the most intractable. Suddenly it has also become the most prominent as two separate - though related - issues have combined to thrust it into the spotlight.

The most startling to Israelis were public comments by Mr George Bush, the US President, and Mr James Baker, his Secretary of State, making clear their opposition to Jewish settlement of Jerusalem districts annexed by Israel after the 1967 Six Day War, as well as settlement of the West Bank and Gaza Strip, occupied in the same war.

They reiterated the standard US - and international - refusal to recognise Israel's extension of Jerusalem's boundaries into former Arab-held territory after it captured the previously divided city in the 1967 conflict.

But there was widespread condemnation in Israel over control over all Jerusalem, including 120,000 Jews living in strategically-placed annexed suburbs such as Gilo and Ramat, is now taken virtually for granted as an irreversible "established fact".

A meeting of the municipal council, headed by Mayor Teddy Kollek and including left-wing, right-wing and religious parties, assailed the US Administration for questioning the status of such areas.

The row has added resonance because it overlaps US efforts to draw the divided Israeli coalition Government into opening peace talks with the Palestinians.

A key issue here is the proposal that representatives of the 140,000 Arabs who live in Jerusalem be included in the negotiations.

The Jerusalem Palestinians live in the eastern half of the city which was under Jordanian rule until 1967. Most maintain Jordanian citizenship and reject Israeli citizenship. None have stood for city council seats.

Although most oppose a revision of the city's status, they demand at the very least a joint administration which would allow Jerusalem to be the capital of a Palestinian

state as well as Israel. Despite the population of the eastern sector growing to 120,000 Jews since 1967, Israel expects about 100,000 Jews from the Soviet Union this year and up to half a million in the next five years under the open door policy of Moscow.

Jerusalem city council said yesterday that it was examining potential sites in Arab east Jerusalem for thousands of new flats for the city's growing population and for Soviet Jewish immigrants, Reuters reports.

The search is being made in the midst of controversy both over the city and over a massive influx of Soviet Jews.

President Bush's opposition to Jewish settlements in the West Bank and East Jerusalem, provoked Israeli Prime Minister Yitzhak Shamir to call for as many Soviet Jewish immigrants as possible to be settled in Jerusalem - East and West.

Mayor Kollek has also urged Jews from the Soviet Union to settle in both sides of the disputed capital in defiance of Washington, Israel's closest ally.

The Hebrew-language Haaretz daily reported yesterday that city officials were secretly planning a new Jewish neighbourhood on Mount Hahoma in East Jerusalem.

The area is located between the Arab village of Sur Bahir and the occupied West Bank town of Bethlehem on territory captured from Jordan in the 1967 Middle East war.

The Mount Hahoma site is one of several that is being considered. There are no developed plans for this site. It is only in a very preliminary stage," city spokeswoman Bonnie Boxer said.

She said Mount Hahoma was Jewish-owned but she did not have details.

The municipality was examining building sites mainly in East Jerusalem because the Jewish western sector was already heavily congested.

"The population is growing. Last year the Jerusalem school system had 4,000 more students than the year before," Ms Boxer said. "We also have a large number of Soviet Jews moving to Jerusalem."

About 10 per cent of the recent Soviet newcomers have settled in Jerusalem, but the Israeli figures do not distinguish between East and West sides of the city.

Hawke offers A\$770m election sweetener

By Chris Sherwell in Sydney

MR Bob Hawke, fighting for a record fourth term as a Labor Prime Minister, yesterday derided his opponents as an irresponsible party of privilege when he formally launched his party's campaign for re-election on March 24.

Delivering what he called a "message of confidence" in surprisingly sombre terms in Brisbane, he declared Labor was a government of realism and opportunity, with "the plans, the vision, the guts and the leadership" for the future.

"I know that we have had to take hard and unpopular decisions for difficult times," he said. "But I also know that I would not be fit to lead our great country if I had chosen the easy, popular way at the cost of the nation's future."

Despite this, he announced A\$770m (\$355m) in new spending measures on child care and on education and scientific research, saying of the latter that Australia could not just be the Lucky Country, it had to become the Clever Country.

The measures come on top of Labor's cornerstone package of wage rises, tax cuts and superannuation measures unveiled



Mr Hawke and his wife, Hazel, launching Labor's campaign in Brisbane yesterday

at the start of the campaign last month, and a new export incentive scheme revealed last week. Promised moves on the environment are still to come.

In a pronouncement which may surprise financial markets, Mr Hawke claimed Labor had "already done much of the

hard work, laid the enduring foundations, taken many of the tough decisions in the 1980s." Only Labor, he added, could make the continued and united effort to create a more secure future.

He castigated the opposition Liberal and National party

coalition for making "A\$6bn in unfunded promises" in its campaign, and for seeking to govern without a wages policy. He also accused the coalition of threatening Labor's superannuation plans, and condemned its proposals to replace the capital gains tax and alter the

Medicare system. The proposals, he said, underlined the choice between opportunity and privilege which represented the "great divide" between the two sides.

There was a "profound difference" between them over goals for the nation and over a range of specific issues, including taxation and industrial relations.

The coalition's "breath-taking irresponsibility" on wages would "give us the law of the jungle where the rich, the powerful, the groups with most industrial muscle would grab the big but short-term gains," he claimed. "A system that is fair for all would be replaced by a free-for-all."

He alleged the coalition would "dismantle" Medicare, and through its capital gains tax change would "shovel" billions for education, health and roads back into the pockets of less than 1 per cent of taxpayers.

In response, Mr Andrew Peacock, leader of the coalition, called Mr Hawke's speech a "disgrace" for failing to confront Australia's serious economic problems.

Labor wins reluctant Green endorsement

Chris Sherwell assesses the impact of environmental issues on the Australian election

NEXT TO economic problems, only one issue is expected to have a decisive influence on Australia's federal election on March 24: the environment.

That, at least, is the view of the ruling Labor party, which is seeking a record fourth term, and that is why it has so avidly courted the guidance of the Green party's myriad special interest groups.

Mr Bob Hawke, the Prime Minister, delegated this tricky task to Mr Graham Richardson, a well-known and shrewd "numbers" man and the Labor right whom he made Environment Minister after the last election in 1987.

To hear Mr Richardson, he experienced a near-conversion as he got to grips with the issues and met with people like Mr Bob Brown from Tasmania, Australia's original "Greenie" activist turned parliamentarian, and Mr Philip Toynce, head of the influential Australian Conservation Foundation (ACF).

Others among some ministerial colleagues and party backbenchers, are more cynical about Mr Richardson's motives. Whatever the case, his - and Labor's - political timing and tactics were remarkable.

Internationally, public concern grew rapidly over the so-called "greenhouse" effect, the burning of the Brazilian rainforests, the hole in the ozone layer and such incidents as the Exxon Valdez oil spill in Alaska.

At home environmentalist sentiment for the first time caused people to change their vote: in Tasmania, a handful of "Greenie" independents helped put Labor into power after the local Liberal party government lost ground in a state election.

Reflecting Mr Richardson's clout, Labor made a series of controversial political decisions designed to prove Labor's "Green" credentials and attract the environmentalist vote.

These decisions exposed a major inconsistency in its



AUSTRALIAN ELECTIONS

ban on mining in Antarctica, pushed some for a halt to offshore fishing, signed the Hague declaration on the atmosphere and appointed a former governor-general as Ambassador for the Environment.

On the home front, it built on its 1983 stand against the damming of Tasmania's Franklin River and repeated its then-controversial use of the federal government's external affairs powers to make changes being rejected by state-level governments.

The changes included the protection of tropical rainforest in northern Queensland and of vast forest areas in central Tasmania. There were also prohibitions on sand mining in certain areas, attempts to curb logging and woodchipping in south-eastern New South Wales and massive tree-planting and soil recovery initiatives.

More controversially, Labor stuck to its contradictory three-mine uranium policy, halted a \$400m pulp and paper mill and prevented a gold mine going ahead near Kakadu national park. Separately, Labor's state government in Western Australia caused the cancellation of a monazite plant.

These decisions exposed a major inconsistency in its

strategy: if the country's best chance of reducing its current account deficit and external debt - which Labor insists is its principal goal - lies in developing export-oriented resource-based processing projects, why was it so obviously discouraging them?

Unsurprisingly, this fundamental loss of confidence in the government's external affairs powers to make changes being rejected by state-level governments.

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Australia voting is compulsory, and voters are obliged to indicate their preferences among those seeking office. To win, candidates must gain 50 per cent of the vote, and in most seats few achieve that on first preferences alone.

As a result there is a distribution of losing candidates' second or even third and fourth preferences, all of which have the same value as first preferences. Although it is the voters and not the parties which decide the destination of the preferences, the guidance they receive can be crucial.

Despite being more disposed to economic development than Labor, the coalition has strongly defended its own position on the environment, citing its successful initiatives to protect the Great Barrier Reef and Uluru (Ayer's Rock), promising increased funding for soil conservation and help to clean up Sydney's sewerage and beach pollution.

It has also pointed out the differences within the Labor government, especially between Mr Richardson and Mr John Kerin, the Primary Industries Minister. If Labor wins, these are battles which will worsen, particularly if new environmentalist hotbeds like tourism appear and Australia's economic problems deepen.

Thailand to increase bank rates ceiling

By Peter Ungphakorn in Bangkok

MR Chavalit Thanachanan, the new governor of the Bank of Thailand, announced yesterday that maximum lending rates will be raised next week in order to keep inflation within the 6 per cent target set for this year.

The announcement ends months of conflict between Mr Pramual Sabhavas, Finance Minister, and the Bank of Thailand whose economists want to keep credit expansion in check and to encourage savings to keep pace with the rapidly expanding investment.

The governor did not disclose what the increase would be, but central bank sources say the mandatory ceiling would be raised 2 percentage points to 17 per cent, with a possible lower ceiling for mortgages.

In December, Mr Pramual threatened to resign if his Cabinet colleagues forced him to accept an increase in the lending rate ceiling.

Ironically, Tuesday's sacking of the former governor, Mr Kamchorn Sathirakul, seems to have made the interest rate increase possible. Mr Kamchorn was criticised by bank officials for failing to press hard enough on this and other issues.

Economists fear inflation could undermine the competitiveness of Thailand's export-driven economy as well as affect living standards.

Some economists believe the GDP deflator shows that Thai competitiveness is losing more ground than the consumer price index suggests. One estimate puts last year's deflator at 11.3 per cent, with 9.6 per cent forecast for this year.

Central bank economists attribute Thailand's loss of competitiveness to a rapidly expanding economy which may grow by 10 per cent or more for the third consecutive year this year.

The Bank of Thailand has tried and failed to persuade commercial banks to rein in their lending.

The target annual rate of credit expansion is about 24 per cent. At the end of January the actual rate was 31.5 per cent and deposits had only grown by 28.7 per cent.

China fears Taiwan move to reform

A BITTERLY contested presidential election battle, now under way in Taiwan, has upset authorities in China, who fear the island may be moving towards a formal independence from the mainland, writes Peter Ellingsen in Peking.

In an unusually harsh attack, China's Xinhua news agency lashed out at the Kuomintang Government in Taipei, claiming it had allowed "political and social instability" to flourish.

Xinhua, quoting an unnamed authoritative source, said Peking was "deeply concerned" over the way Taipei had "shielded and indulged... the forces of Taiwan independence".

Forty years after the island split with the Communist mainland, Peking still regards Taiwan as part of China, and has yet to rule out military intervention as a way of uniting the two.

Following the death of General Chiang in 1975, and the lifting of martial law in 1987, however, the nationalists have been experimenting with political reform.

They are now in the middle of a free election debate in which cries of independence are prominent.

Claiming Taipei's vigorous election campaign for president and vice president had produced a crisis, the agency's source accused the Kuomintang leadership of "political irresolution, economic disorder and deteriorating social order".

It lashed out at Taipei's so-called "elastic diplomacy", which in recent years has seen the wealthy island establish sovereign style links with other nations, often in exchange for generous loans and trading privileges.

The Chinese authorities warned foreign countries against expressing opinions on the election campaign in Taiwan, as the island was an "inalienable part of China".

"The future of Taiwan depends on the mainland," the source said adding that it would be "unwise" for foreign nations to become involved in the debate.

Correction General Tanai

A picture of Vice President Mohammed Rafi of Afghanistan was incorrectly captioned in yesterday's Financial Times as General Shahmawaz Tanai, the former Defence Minister, due to an error by Reuters News Pictures Service.

US bans fresh aid for 'undemocratic' Sudan

THE US Government banned further aid to Sudan from February 28 because its leaders, who took power in a bloodless coup last June, have not restored democratic government, a US official said yesterday.

Mr John Riddle, a spokesman for the Agency for International Development (AID), said the ban went into effect against Sudan on February 28 because of a law prohibiting US aid to any coup government that has not restored democratic rule within eight months of coming to power.

Mr Riddle said new US aid to Sudan had already been prohibited because of another law prohibiting aid to countries behind in interest payments on US loans.

He said the bans apply to all \$60m in US economic and military aid allocated to Sudan this year except humanitarian assistance. It does not apply to small amounts of US aid to Sudan approved earlier that have not yet arrived.

port, which reopened yesterday.

Mr Najibullah, backed by loyal forces, appeared yesterday to have driven the rebels away from the capital, but intense fighting is reported around the Bagram air base.

Afghan mujahideen guerrillas, taking advantage of confusion following this week's coup attempt, have opened talks for the surrender of a major government garrison, a senior Pakistani official said on Thursday.

Pakistan's top foreign ministry official Tanvir Ahmad Khan said mujahideen guerrillas had closed in on the eastern garrison of Khost, which they have been trying to take for years.

Congress leaders visit Kashmir

By K.K. Sharma in New Delhi

AN ALL-PARTY delegation, which included Mr Rajiv Gandhi and other Congress leaders now in opposition, yesterday flew to Srinagar to assess the situation in the curfew-bound capital of Kashmir and other parts of the state.

The visit came as security forces patrolled Srinagar amid continued violence following a call by the militant Jammu and Kashmir Liberation Front (JKLF) for mass demonstrations during the visit.

Reports from Srinagar said shooting between the militants and security forces started in the capital when the curfew was relaxed for five hours early in the morning. There were also bomb explosions. At least one person was killed and several injured.

The delegation went to Srinagar after Mr V.P. Singh, India's Prime Minister, held two days of talks with leaders of all opposition parties on all outstanding issues in Kashmir. The militants are seeking secession from the Indian Union.

The talks have been welcomed by all parties, but they revealed wide differences on how to tackle the issue. Mr Gandhi and his Congress followers and leaders of the Marxist and Communist parties were highly critical of the lack of a political initiative.



A unit of Bophuthatswana's South African-trained security forces patrolling the area of Garankuwa in an armoured car yesterday

Homeland troops open fire on protesters

TROOPS fired on protesters yesterday and dispersed crowds with whips and tear gas in Bophuthatswana as unrest continued to spread through South Africa's black homelands, Reuters reports from Garankuwa.

Soldiers and police in armoured personnel carriers and trucks opened fire with tear gas to stop crowds forming in the Garankuwa area, eyewitnesses said, while police used whips on demonstrators. There were no immediate reports of casualties.

Bophuthatswana, which has about 2m residents, lies north of Johannesburg and is divided into seven scattered fragments in northern South Africa. At least seven people were killed on Wednesday when police opened fire on a protest of some 50,000 people who marched to demand that the nominally independent territory be re-integrated into South Africa. The crowd also called for the resignation of the territory's President, Mr Lucas Mangope.

Mr Mangope, who yesterday rejected the demonstrators' demands, has declared a state of emergency in parts of the homeland. South Africa said its security forces were assisting local forces in the homeland and that the South African Defence Force was ready

to send in troops to bolster the government.

But it denied reports quoting Mr Fik Botha, the Foreign Minister, as saying troops had arrived in the homeland.

South African troops last entered Bophuthatswana in 1988 to crush a coup attempt against Mr Mangope.

Last weekend, Pretoria sent soldiers to the coastal homeland of Ciskei to quell violence by mobs celebrating a coup that toppled the 15-year rule of the President, Mr Lennox Sebe.

South African police have this week reported a "seemingly escalation of unrest, especially in the homelands but spilling over into South

Africa". A senior police officer, General Herman Stadler, said the violence was similar to a nationwide revolt against white rule in 1964-66. More than 200 people have been killed in growing violence in townships and homelands in the past five weeks.

President F.W. de Klerk has said violence in the homelands threatened to undermine his reform plans because a nationwide state of emergency would have to remain in force to keep it under control.

Lifting the three-year-old emergency is a key pre-condition for constitutional negotiations demanded by the African National Congress.

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Conable: strained relations

World Bank chief visits Bangladesh to ease strains over policy

David Housego in Dhaka

MR BARBER CONABLE, the president of the World Bank, arrives in Bangladesh tomorrow for a visit that comes at a time of severely strained relations between the Government of President Ershad and the Bank and Western donor nations.

Almost \$500m (\$303m) in credits are being withheld by the Bank and the International Monetary Fund - including an Enhanced Structural Adjustment Facility (ESAF) loan - because of what the two institutions judge is the Government's mismanagement of short-term economic policy. A further sign of the strain is that the Bank and donor nations considered postponing the April gathering of the Bangladesh Aid Consortium Meet-

ing, which determines the volume of foreign assistance on which the budget depends.

In an effort to smooth the path for Mr Conable's visit and to prepare the ground for a resumption of credits from the IMF and the Bank, the Central Bank announced this week a 5 per cent devaluation of the taka. The currency has remained pegged to the dollar for 18 months, meaning that it has appreciated by 10 to 15 per cent against the Japanese yen since early 1989. The Fund is urging a larger depreciation to improve the competitiveness of the currency and of Bangladesh exports.

The more critical attitude of the Fund and the Bank - which in the

past have been generally approving of Bangladesh's macro-economic management - has come with the emergence during this financial year of a record deficit and with a sharp slide in the foreign exchange reserves.

From a planned surplus of taka 9bn (\$1,600m) the Government's current budget - as measured by revenue receipts and foreign commodity assistance, less current expenditures - the Government is heading for a deficit of about taka 9bn that is being financed out of bank borrowing.

The deficit means that the already declining development budget is being further reduced and that donors are bearing the burden of paying for a larger share of current expenditure.

Donors believe the record deficit is the result of poor revenue collection, uncontrolled spending, and, possibly, of a concealed rise in defence spending. The Government argues that the deficit is mainly due to unavoidably heavy grain purchases.

On the balance of payments side, the foreign exchange reserves have more than halved over the last year to \$450m, reflecting in large measure the expansionary budget deficit. Non-food imports rose by 43 per cent in the first seven months of the financial year (June-January), as against the same period last year. Dr Wahidul Huk, the Finance Minister, believes that part of the rise could be due to over-invoicing by importers speculating on a cur-

rency depreciation. During his visit, Mr Conable is to see areas devastated by the 1987 and 1988 floods and the proposed \$500m bridge across the Jamuna, for which President Ershad is pressing.

The Bank does not consider the bridge an economic priority. It also believes that the use of inefficient projects is now so great that Bangladesh should take on no new major schemes beyond the \$630m flood control programme that the international community has agreed to finance.

Last year, Bangladesh spent only 13 per cent of the \$5.4bn of aid already in the pipeline or committed during the year.

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AMERICAN NEWS

US issues proposals to reduce transport chaos

By Nancy Dunne in Washington

THE Bush Administration said yesterday that the US transport system is on the verge of breakdown and issued a set of proposals which would transfer much of the responsibility for the system to state and local governments.

Mr Samuel Skinner, the US Transportation Secretary, presented the 169 guidelines and 65 legislative objectives.

They call for the renewal of the current federal highway funding programme for the next five years, but at the same time federal spending will be redirected to highways of major national importance. States and localities would get increasing responsibility for other projects along with "greater flexibility" to raise revenues through petrol

taxes, user fees and tolls.

Mr Skinner said the congestion on US highways is now costing \$2bn (£1.2bn) a year. The 21 primary US airports are so crowded that they expect more than 20,000 hours of annual flight delays.

The policy supports the continued deregulation of the barge industry and the removal of "inequitable labour requirements that limit productivity in the railroad industry". Local airport taxes could also be increased under the new policy, a proposal that has already raised the ire of a coalition of 16 aviation industry groups.

The proposals are bound to run into other fire in Congress, which often criticises the President for offering grand new

schemes with little money to implement them.

President Bush appeared with Mr Skinner yesterday to present the new policy. He described it as "a strategy to unleash the creative genius of American technology".

"This genius built a network of highways, and now we must support and encourage advanced technologies in the whole field of transportation, from magnetically levitated trains to intelligent vehicles and highways to advanced materials and engineering," he said.

The policy does call for an increase in federal spending on transport research and development, citing for example the need for research into high-speed railways.

Quayle visit to smooth Panama ire

By Nancy Dunne in Washington

Mr Dan Quayle, the US Vice President today embarks on an extensive South American trip in an attempt to smooth ruffled Latin feelings over the US invasion of Panama and ease concerns that US assistance to Eastern Europe will not take place at their expense, Reuter reports from Washington.

Mr Quayle was given the go-ahead mission by President George Bush in January. But many Latin leaders would not receive him then, saying the political climate in their countries was hostile to a high level US visit.

The vice president will attend presidential inaugurations in Chile and Brazil. He will be one of several leaders in South America next week, including Italian Prime Minister Giulio Andreotti, Spanish Prime Minister Felipe Gonzalez and Portuguese President Mario Soares.

White House spokesman Marlin Fitzwater said Mr Quayle would "point out that what happened in Panama was unique to Panama" and state that Washington did not want to hurt US relations with other Latin nations.

Ballot in the shadow of the bullet

Sarita Kendall looks ahead to Colombia's elections on Sunday

ELECTION promises normally revolve around jobs, public works and the cost of living. However, as voters prepare for polls in Colombia on Sunday, candidates are being hounded by questions about cocaine trafficking, extradition, guerrillas, security and survival.

Members of the Senate and House of Representatives, mayors and local government representatives will be chosen. Also, the governing Liberal Party will choose its candidates for the presidential and vice-presidential election due on May 27. This will take place against the background of rampant paramilitary activity and local guerrilla armies which are stronger than ever.

President Virgilio Barco's war on the cocaine barons won praise abroad and some success at home. For rural communities and the political left, the five-month crackdown on traffickers brought a peaceful interlude. Since the beginning of the year, though, the left guerrilla war and the "dirty war" by assorted assassins have increased. The Government's Anti-Assassin Committee is ineffective, and at least two British mercenaries are known to be back at work in Colombia.

Moreover, an encouraging experiment to bring peace to the beleaguered Guaviare rural region on the middle reaches of the Magdalena River has finished abruptly with the murder of three peasant leaders and Silvia Duzan, a journalist interviewing them for British television. The peasant

association had worked for more than two years to persuade guerrilla and paramilitary groups to leave Chibarra alone, farming, schools and community marketing projects were doing well.

Peace was repaid with bullets. Since the murder last August of the Liberal Party's most popular candidate, Senator Luis Carlos Galan, the accessories of presidential campaigning mean bullet-proof vests, armies of bodyguards and ambulances at the ready. Mr Cesar Gaviria, who took up Galan's banner, has received countless death threats and at least two bombs were defused nearby during his campaign.

Mr Gaviria's youth and political inexperience make him one of the favourites for the Liberal candidacy, but 69-year-old Mr Hernando Duran Dussan has the party machine behind him. The local election abstention rate has always been high, and this time there are compelling reasons for not voting at all: in the Caribbean city of Santa Marta it is difficult to find a candidate without drug-trafficking connections; everyone running for mayor or councillor is tainted, according to a local police officer. A letter to one of the Bogota dailies laments: "Where have all the honest men of Santa Marta gone?"

Nepotism is rife in the south-western department of Nariño, to the extent that the Escudero family at one point had 14 candidates for four official posts. One congressman in the clan is in jail in the US for cocaine trafficking.

The National Liberation Army (ELN) guerrillas have been backing their "Don't Vote" strategy with ugly threats - every candidate for Almaguer town council had withdrawn by last week.

Although all guerrilla groups have promised a ceasefire for election day, people in Santander may be reluctant to risk dipping their fingers into the red ink which marks each person who has voted: rumour has the ELN ready to cut off red-stained fingertips. The electoral authorities abandoned several municipalities in the area because of kidnaps and murders.

Complaints of corruption and clientelism - the patronage system whereby loyal political supporters are repaid with jobs - are too common to raise interest. Indeed, the chance of getting a free school place or a few thousand pesos helps to raise the turn-out untypically high in some places.

The city of Barranquilla's electoral register had 34,000 people struck off after an official investigation: the electorate in the town of Barrancas has been swollen by truckloads of Guajiro Indians ready to trade their votes.

This kind of electoral atmosphere needs the money and the machinery wielded by the Liberals and the Conservative Party. Having controlled Colombian politics since independence in the 1820s, the two main parties usually take more than 80 per cent of the vote, leaving few pickings for left-wing or populist movements.

Patriotic Union (UP) candidates must be brave to run at all.

More than a thousand party members have been murdered since its foundation in 1986, and 76 so far this year. Four of the UP mayors elected in 1988 have been killed, two are in exile, the rest receive regular death threats. "There is bound to be an effect on the electoral results," said a UP analyst. "So many of the best people are dead."

Both the ELN and the drug traffickers have denied any part in the recent UP killings, while President Barco referred to the party's accusations against the military as a tactic to get voters' attention.

The fate of the UP, which was created to channel Soviet-line former guerrillas of the FARC movement into democratic politics, does not augur well for candidates from M-19, another long-standing guerrilla group. But M-19's populism seems more palatable than UP's communism.

Widespread disillusionment with political leaders has given the seventh item on the ballot paper for Sunday great importance. This a proposition that a constituent assembly gather to reform Colombia's constitution. Mr Barco's attempts having foundered in Congress. Launched by a student movement with the slogan "There is still time to save Colombia", the campaign has turned into an informal plebiscite. Although the result will not be legally binding, the next government may find it politically so.

G7 meeting 'not spurred by markets'

By Peter Riddell, US Editor, in Washington

THERE is "no special urgency" about the meeting of the Group of Seven finance ministers and central bank governors, to be held in Paris early next month, Mr Nicholas Brady, the US Treasury Secretary, said yesterday.

It is prompted by a general desire to review policy co-ordination, rather than by immediate market movements. The meeting, almost certain to be held on April 7, was suggested by Mr Brady when he met the finance ministers of the four European G7 members (West Germany, Britain, France and Italy) at the end of last month. It will be their first collective discussion since last September.

The US believes there is now an obvious need to get on with international policy co-ordination, in view not only of recent market moves but also of far-reaching political changes, especially in Europe.

The G7 meeting is also expected to discuss the current review of IMF resources or quotas. The usual spring meetings of the IMF will be held unusually late this year, in early May.

FAA rules lift ageing aircraft repair costs

By Roderick Oram in New York

AIRLINES around the world are facing large bills for structural repairs to old airliners following adoption by the US Federal Aviation Administration of new rules designed to improve aircraft safety.

The FAA directives apply only to US-registered aircraft but regulators in other countries usually adopt such rules for airlines under their own jurisdiction.

The first US orders cover Boeing airliners but others will follow shortly for equipment made by McDonnell Douglas, British Aerospace and others. The rules mark a fundamental change in the FAA's approach to ageing aircraft. Historically, the agency believed that regular inspections and subsequent repairs could detect and remedy corrosion and fatigue problems.

It changed tack in 1988 after a number of incidents with older aircraft indicated some basic parts should be replaced at set intervals.

In one case, a large fuselage section of a 19-year-old Boeing 737 ripped off during a flight over the Hawaiian Islands. The FAA has adopted two separate but related requirements. The first requires extensive structural modifications to

Boeing 727s, 737s and 747s older than 20 years or with more than 80,000, 75,000 or 20,000 flights respectively.

The changes apply immediately to 67 727s, 28 737s and 20 747s registered in the US and could cost an estimated \$142m, the FAA said. Hundreds more will be covered as they grow older. On some aircraft types the changes are extensive. The 727, for example, requires 72 modifications including widespread re-riveting at a cost of more than \$1m per aircraft.

Man-hours of work per aircraft range from 14,336 hours on the 737 to 35,000 hours on the 747, the FAA estimated. The work will be phased into normal maintenance schedules over the next four years.

The second rule requires airlines to implement corrosion control programmes for the three airliner types plus the 707, Boeing's first jet-powered airliner.

Aircraft will receive corrosion inspections after 15 years and at least once every six years thereafter. Within six years the requirement will apply to 1,514 US registered Boeing aircraft. Most airlines will be able to modify existing corrosion programmes.

First-time jobless claims fall

New applications for unemployment insurance benefits fell to a seasonally adjusted 346,000 in the week ended February 24, a decrease of 15,000 from the revised 362,000 reported in the prior week, the Labour Department said. The number of people actually receiving benefits under regular state unemployment programmes was 2,338,000 in the week ended February 17, the latest period for which the figure was available.

Message to Chile

Council of Europe senior officials yesterday sent a message to Mr Patricio Aylwin, president elect of Chile, congratulating him on his upcoming accession to the presidency on March 11. AP reports from Strasbourg.

The message said the 23-nation Council was "ready to place at the (Chilean) government's disposal its experience, not only in the areas of democracy and human rights but also in the legal and social spheres."

Mexico defends plan to privatise steel plants

By Richard Johns, in Mexico City

MODERNISING two state-owned steel plants which are due to be sold would cost \$300 m (US\$220 bn), the Mexican Government said in defence of the planned privatisations.

Investments required for Altos Hornos de Mexico (AHMSA) and Siderurgica Lazaro Cardenas-Las Truchas were diverted to modernising the state-owned steel plant owned by Ernesto Zedillo Ponce de Leon, Minister of Planning and the Budget, argued in a statement presented to the Mexican Congress on Wednesday. President Carlos Salinas de

Gortari has used a similar rationale to defend the privatisation of Telefonos de Mexico (Telcel), the state telephone monopoly, and the Mexican airline. But a partial retreat from the steel sector, long considered to be one of the commanding heights of the economy, will meet stiff opposition, including from the ranks of the ruling Institutional Revolutionary Party (PRI).

The Government is holding out the prospect of worker participation in ownership of the plant, currently held by the state steel group Sidermax.

Privatisation of the debt-ridden parastatal companies "places on a silver platter the patrimonies of Mexico for private, national and foreign investors," said a left-wing deputy. Even the conservative National Action Party expressed reservations about the manner in which the proposed sale was presented.

No decision or announcement had been expected until next year and the Government's move came as a big surprise. No indication has been given of what price the government would expect to get for the two plants or whether it contains

plates keeping a minority shareholding.

AHMSA is the third biggest parastatal after Petroleos Mexicanos (Pemex) and Telcel. It ranked sixth in the magazine Expansion's survey of Mexico's top 500 companies in 1988, and Sidermax 22nd.

Last year AHMSA had an operating profit of \$141bn but one of only 28.7bn pesos after taking into account interest payments, according to the Ministry of Planning and the Budget. Sidermax's operating profit was \$45.2bn pesos and its deficit after interest payments 44.4bn pesos.

WORLD TRADE NEWS

HK art expert sees investment future in buses

By John Elliott in Hong Kong

MR T.T. TSUI, a 48-year-old Hong Kong Chinese entrepreneur who has donated 135 porcelains to the Victoria and Albert Museum for a Chinese gallery, is now planning to spend at least \$10m providing urgently needed work for hard-pressed Leyland Buses of the UK.

But Mr Tsui Tsui-tong (to give him his full Chinese name) is not only motivated by altruism. The \$10m will buy him more than 70 94-seater air-conditioned double-decker buses, which are intended to help him achieve his ambition for his Citybus company to become Hong Kong's leading bus operator, ousting two old-established companies.

This may seem a strange ambition for a man who in the past has been established as himself among art experts as one of the world's most passionate, diligent, and open collectors of Chinese art. His collection ranges from Han

dynasty earthenware oxen and carts more than 2,000 years old to 17th century Qing dynasty porcelains bowls. Its worth has been estimated as high as HK\$1bn (£77m) and the hobby led to his donation to the Victoria and Albert to house its Chinese collection in what will be called the T.T. Tsui Gallery.

Mr Tsui (pronounced Tsoy), whose family came from Hangzhou near Shanghai in 1950, regards buses as a "safe and liquid investment, with every one paying cash". This, he says, is important in helping him achieve his ambition for his Citybus company to become Hong Kong's leading bus operator, ousting two old-established companies.

THE lack of suitable alternatives elsewhere in Asia means Hong Kong companies may well step up their investment in southern China despite last year's Tiananmen Square massacre. Mr Jack So, executive director of the Hong Kong Trade Development Council, said in London yesterday, writes Peter Montagnon, World Trade Editor.

After the Peking massacre many companies had examined alternative possibilities, he told a businessmen's lunch, but they had found that even cities such as Thailand, which have been popular with investors, have problems such as port congestion.

Southern China was thus re-emerging as an attractive investment location, especially for small and medium-sized companies for which registration procedures had been simplified. "Whatever happens in Beijing (Peking) is remote to Southern China," he added. Hong Kong now accounts for 60 per cent of foreign investment in China and 40 per cent of its hard currency earnings.

of Falkirk, valued at \$7.5m for delivery this year. There is an option for 25 more. Last year he ordered 24, now being delivered, and he talks in terms of ordering at least another 200 costing up to HK\$400m by 1993. The arrival of the new buses - the first to be air conditioned in Hong Kong - has transformed life on some routes, including one to adjacent areas of China. The success has prompted studies in Singapore, Bangkok and Taipei of using large air-conditioned comfortable double-deckers for mass city transport. The only losers so far are the existing Hong Kong compa-

nies. China Motor Bus which operates the main franchise in Hong Kong island with mostly old vehicles, has had labour troubles and is Citybus's main target. Spurred by the competition, China Motor has placed a HK\$12m order for air-conditioned double-deckers with Dennis Specialist Vehicles of the UK, but a prototype failed a 28-degree tilt test.

Mr Tsui took control of Citybus, which was founded in 1980, from a subsidiary of British Electric Traction in 1987. The company does not have any subsidiaries in other franchises and has been existing on special routes such as one to China and other restricted residential services.

He believes that there is a demand from Hong Kong's increasingly Chinese population for comfortable air-conditioned buses charging premium fares and claims success on routes he is operating. This week he has stalked out

his claim to become a full franchise operator - which would bring fuel tax and other financial benefits - by formally asking the Government to give Citybus a franchised route between the centre and prestigious residential area of Mid-levels.

The company said it took 11 years to get a patent in Japan for its product and that, during that time, Japanese companies duplicated its technology. The Japanese Government organised and funded an amorphous group under the Japan Research and Development Corporation to spur development of a competitive product, the company said.

Japanese electric utilities were pressed not to buy transformers containing the Allied-Signal product.



Tsui: given name to an art gallery

SEMICONDUCTORS STUDY

Task force unveils plan to lift US presence in Japan

By Robert Thomson in Tokyo

JAPAN'S Electronic Industries Association and the US Semiconductor Industry Association yesterday released a joint study of the Japanese semiconductor market proposing a series of "action plans" to increase US market share.

The two associations established a task force in June last year to study the buying habits of Japanese companies and the proposals yesterday include encouraging US companies to expand sales offices in Tokyo, improve technical training of distribution staff and supply better quality information to Japanese customers.

Japanese companies are advised to provide more information on the standards required of chips, allow for minor modifications of foreign

chips to meet Japanese needs and speed up the qualification process for foreign suppliers. Five Japanese user companies, Matsushita, Sony, Sharp, Sanyo and JVC, participated in the task force, as did six US semiconductor suppliers, Motorola, Texas Instruments, Intel, LSI Logic, National Semiconductor, and Precision Monolithics.

The consumer electronics market accounts for about a third of semiconductor consumption in Japan and Tokyo is under pressure from Washington to ensure a greater foreign share of the total market. In the fourth quarter last year, the foreign share was 12.5 per cent but purchase orders this year suggest that the figure could be slipping.

Battle is on again for Indian telecom deal

Multinational groups are back in the running, reports David Housego

LEADING telecommunications groups are back in Delhi, following the change of government in India, lobbying hard. They seek a foothold in what is seen as a multi-billion dollar market in one of the world's largest countries with one of the weakest telephone systems.

Nine months ago, Mr Sam Pitroda, the US-trained electronics engineer who heads the government telecom agency and designed India's indigenous C-DOT switching technology, said India was not interested in further foreign collaboration to develop main exchanges in urban centres. He said India would rely on the 16,000-port, 40,000-line exchange being developed by his Centre for the Development of Telematics team.

Mr Pitroda, one of the few Indians to make the leap from the US private sector to Indian government service, and who has been a flamboyant, controversial figure, was at the peak of his power. A crusader in accelerating the use of microelectronics in India, winning the support of former Prime Minister Rajiv Gandhi for his ambitious plans, Mr Pitroda is also an economic nationalist who believes that in a key area such as telecommunications India should not be dependent on multinationals.

Since Mr Pitroda's declaration in May much has changed. He has lost the patronage of Mr Gandhi. Mr K.P. Udaylakshmi, the new Minister for Communications, is suspicious of his contacts

with Mr Gandhi and resentful of his power.

The minister has thus set up a committee due to report this month on C-DOT's ability to meet Indian requirements for main exchanges and the delays in developing the 40,000-line switch. In contrast to Mr Pitroda, he has also left the door open to purchasing equipment abroad and to foreign collaborations. "If a certain technology is required and if it is not available locally, we will not hesitate to import it," he says.

It is against this background that Alcatel, Ericsson - which recently won a \$15m contract for four digital switches for international traffic - Siemens, AT&T, and British Telecom have been renewing pressure to enter the different segments of the telecommunications market. Alcatel is by far the best placed for switching equipment in that its E10B exchange is already manufactured under licence at Mankapur in north India.

The crucial question for the Indian Government is whether the C-DOT main exchange can be rapidly brought into commercial production to prevent further snarling up of telephone traffic. Current plans call for the installation of an additional 15m lines by the year 2000 - representing an investment of over \$80bn. The Mankapur plant, with a capacity of 500,000 lines a year, is India's only facility for manufacturing digital exchanges.

The big multinationals are convinced that C-DOT cannot develop and produce a 40,000-line urban exchange (MAX) of international standards within the timeframe spelled out by the Government. In part, this is because of the architecture of the C-DOT system which is modular in concept and based on building up from a low capacity office (PABX) or rural (RAX) exchange. No multinational has succeeded in developing a modular main exchange. In part it is because of the delays needed to test and stabilise a new, large-scale system.

Foreign companies, tend, however, to be more complementary of C-DOT's efforts than they were 18 months ago. Of the main exchange, Mr R.P. Singh, Alcatel's manager for India, says C-DOT is putting together "a product that will work successfully".

Mr Pitroda, who says that he is determined to fight it out, concedes that the main exchange - due to begin before June - is running about nine months behind schedule. Because it is part of a family of products sharing common components and printed circuit boards, he claims that no big new production facility will be required.

In Mr Pitroda's favour is that he has strong support of the Indian scientific community and of his own 500-member C-DOT team - many of whom

would quit if he suffered a major reverse. Mr Pitroda's emphasis on self-reliance in telecommunications also chimes in with the new government's ideological stance and the need to conserve foreign exchange because of the squeeze on the balance of payments. A third factor is that C-DOT exchange at a cost of some Rs10,000 (\$260) a line and perhaps lower is far less costly than Alcatel's tag of Rs24,000.

So far 30 manufacturers are licensed to produce the low capacity 128 port C-DOT PBX of which 1,200 systems are in service. C-DOT exchanges rural exchanges with 100 installed and a further 300 to be delivered by March.

The 512-port exchange with 1,500 lines is ready to go into production - though some engineers say it still suffers from software problems - with eight manufacturers licensed to produce it. A prototype of the 16,000 port exchange is on field trials in Bangalore but operating with only 4,000 lines. Mr Pitroda says this can be raised to 20,000 when commercial production begins in a few months and 40,000 by the end of the year.

In what appears a modification of his previously hostile stance against multinationals gaining a foothold in the Indian switching market, he now says that there would be room for a company like Alcatel to provide switches above the 40,000 line level for major cities.

New Jersey company complains over Japan

ALLIED-SIGNAL of New Jersey has filed a complaint with the US Trade Representative in an attempt to open the Japanese market to high-technology advanced materials, writes Nancy Dunne in Washington.

The company said it had been excluded from the Japanese market for electronic transformers using amorphous metal alloys, valued at more than \$100m. Its petition, filed under Section 301 of the 1974 Trade Act, joins dozens of others against Japan.

The company said it took 11 years to get a patent in Japan for its product and that, during that time, Japanese companies duplicated its technology. The Japanese Government organised and funded an amorphous group under the Japan Research and Development Corporation to spur development of a competitive product, the company said.

Japanese electric utilities were pressed not to buy transformers containing the Allied-Signal product.

EC stresses free trade commitment in Gatt

By William Dufforce in Geneva

MR FRANS Andriessen, the European Community's Commissioner for External Affairs, flew into Geneva yesterday to defend speculation that the EC is no longer participating seriously in talks on the liberalisation of world trade.

The EC's efforts to intensify co-operation with east Europe and to complete its own single market would detract in no way from its unequivocal commitment to bringing Gatt's Uruguay Round to a successful conclusion, Mr Andriessen assured leading negotiators.

He recognised that for this commitment to be credible the EC would have to offer compromises and make concessions.

Mr Andriessen was not forthcoming when pressed for details. Answering a Third World appeal made on Monday for Brussels to present its ideas on how to liberalise trade in textiles and clothing, he said he saw no reason to be more specific at this stage of the negotiations.

He linked progress in textiles with Brussels' demands for the opening of Third World mar-

kets and the improving of conditions for competition. If the EC did not obtain satisfaction, "I do not think I can maintain my (domestic EC) textile constituency," he said.

Mr Andriessen said he saw no reason why financial services should be exempted from any agreement to liberalise trade in services, as the US proposes.

All EC member states had taken a very strong position on this point. The Community had decided in favour of according the Soviet Union observer status in Gatt and the US had also taken a "political decision" but no-one knew when this could actually be implemented.

Talks on China's request to rejoin Gatt were being dealt within Gatt "under normal procedures" but this was a delicate political issue and would be dealt with as such.

Mr Andriessen denied that on his forthcoming visit to Tokyo he would ask the Japanese to keep car exports to the EC to a limit of 15 per cent of the market. The Community had so far taken no position on the matter.

By Jimmy Burns

NOTICE TO

European legal process include one in 1972 alleging torture in the use of sensory deprivation and interrogation techniques.

By Alice Rawsthorn

The other designers have been left to hope that the international store buyers and

The gulf between the London designers and their competitors has widened ever since. The London fashion

Similarly the London designers do not have the advantage of the close rapport with the

The impact of high interest rates and the swing in consumer sentiment against the 'designer decade' of the 1980s

Other leading fashion designers will defect to Paris next season and that the smaller designers may decide not to show their collections at all.

By David White, Defence Correspondent

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By Andrew Taylor, Construction Correspondent

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UK NEWS

House of Fraser takeover

Thatcher rejects calls for intervention on Harrods

By Philip Stephens, Political Editor

THE Prime Minister yesterday stuck by the Government's decision to take no action against the Egyptian Fayed brothers in the wake of this week's damning report into their takeover of the House of Fraser stores group.

Amid terse exchanges in the House of Commons, Mrs Margaret Thatcher, said the decision lay with Mr Nicholas Ridley in his "quasi-judicial" role as Trade and Industry Secretary.

As Mr Ridley's handling of the affair faced criticism from cabinet colleagues, as well as from Conservative backbench MPs, Downing Street indicated that it was an issue on which the Prime Minister had to accept his advice.

In an apparent response to some of the criticism, Mr Ridley announced last night that he would submit a memorandum to a Commons committee setting out the implications of the DTI inspectors' report for company law and mergers pol-

icy. The memorandum will be sent to the Select Committee on Trade and Industry, which is in the process of reviewing the DTI's investigations of City scandals.

Other ministers appeared anxious to distance themselves from Mr Ridley's handling of the affair, stressing that a cabinet discussion yesterday had consisted essentially of a report from the Trade and Industry Secretary.

Some senior Conservatives said Mr Ridley's position in the Government had been severely dented by his performance in the Commons on Wednesday, when he delivered a statement lasting less than two minutes on the report.

Mr Ridley has been at odds with cabinet colleagues over a range of other policy issues. There is now speculation at Westminster that he may stand down from the Government in the next cabinet reshuffle.

Pressed by Mr Neil Kinnock, the Labour leader, to explain

why the Government had not used its powers to disqualify as directors people who were "proven liars," Mrs Thatcher referred repeatedly to Mr Ridley's statement on Wednesday.

Any further action beyond the disqualification issue was a matter for the relevant prosecuting authorities, she added.

The Trade and Industry Secretary faced a barrage of criticism. Senior backbench Conservative MPs joined the Labour Party in demanding a full debate in the Commons on the affair. Mr Kenneth Warren, chairman of the Trade and Industry Committee, said he believed that Mr Ridley should have used his powers to disqualify the Fayeds.

Calling for an early debate, he said there was a broad public interest in the ownership and integrity of a company such as House of Fraser, which went beyond the narrow interests of the shareholders.

House of Fraser takeover, Page 16; Lamberd, Page 19

In Brief

Heathrow switches to new power supplier

Heathrow Airport, which uses 210m-220m worth of electricity a year, is to save hundreds of thousands of pounds by changing its power supplier on the eve of electricity privatisation.

Seaboard, one of the 12 area supply companies, is on the point of winning a battle to supply Heathrow's electricity, even though its area of operations do not cover the airport. Heathrow is the first known organisation to switch demand to a neighbouring electricity board from its existing supplier in the run-up to privatisation - ending its contract with Southern Electric.

LSE lecture

Monetary unification between the two Germanys will in many ways be easier to achieve than any move towards economic and monetary union in Europe, according to Professor Charles Goodhart of the London School of Economics.

Phillips discovery

Phillips Petroleum, the US oil company, has made a potentially significant oil discovery in the central North Sea, which it has named the Jacqui prospect. The find is in the vicinity of a number of other modest oil reservoirs discovered by Phillips.

Welsh gallery plan

A national gallery for arts and crafts in Cardiff has been proposed by the Institute of Welsh Affairs, an independent think-tank set up three years ago.

New head for Fimbra

Fimbra, the self-regulatory organisation for the insurance industry, has found a new chairman. He is Sir Gordon Downey, a former Treasury civil servant and head of the National Audit Office from 1981-87.

Rates hit contractor

Brims Holdings, one of the largest privately owned contractors in north east England has gone into receivership as a result of cash flow problems caused by high interest rates and slow payment on some contracts.

Tories try to link Labour with violent anti-tax demonstrations

By Ralph Atkins, Michael Cassell and Richard Evans

MRS MARGARET Thatcher yesterday denounced "violent and intimidatory" demonstrations against the new poll tax and attempted to tar Opposition leaders by linking Labour MPs to acts of civil disobedience.

The Prime Minister's attack marked an attempt by the Conservatives to distract attention from concern among Tory MPs, councillors and rank and file supporters about the new system of local taxation.

She accused far-left Militant Tendency supporters of organising violence and said it was quite wrong for MPs to suggest the non-payment of the community charge. In rowdy Commons exchanges, Mrs Thatcher said people should "pursue their protests peacefully and in accordance with the democratic process."

Mr Neil Kinnock, Labour Party leader, responded: "I agree with everything you have just said, as I have long made clear."

Mr Hunt also criticised

The Conservatives' onslaught came after three days of noisy, and often disorderly, protests as local authorities have met to set their poll tax rates. Labour has repeatedly condemned unlawful actions and accused Tories of a panic reaction.

Although the Labour leadership has distanced itself from unlawful action, the protests have won some sympathy from several of its members.

Mr David Wedderburn, Home Secretary, said: "It is time that Neil Kinnock not only condemned these hoodlums but drummed out of the Labour Party the numerous members who support them."

In Mid-Staffordshire, where the Conservatives will defend one of their safest seats in a by-election in two weeks, Mr David Hunt, local government minister, called on Mr Kinnock to begin a public inquiry into the links between Militant and his party.

Mr Hunt also criticised

remarks by Labour spokesmen which, he said, appeared to rationalise the "disgraceful town hall thuggery" seen around the country in recent days.

Mr Tommy Sheridan, chairman of the Anti-Poll Tax Federation, predicted on BBC television yesterday that the wave of protests would force Mrs Thatcher into "the most embarrassing U-turn of the last 10 years." He said the "real" protests would begin on April 1, when 9m to 10m people throughout England and Wales would join the 1m non-payers in Scotland.

He said that the poll tax will hit high street spending emerged for the first time in a survey of consumer spending patterns yesterday.

Retailers have been telling the Confederation of British Industry that the impact of the poll tax, officially called the community charge, will make high street trade even slower in the coming months.

Public supports the traditional British Bobby - says report

By Alan Pike, Social Affairs Correspondent

BRITAIN'S POLICE service, suffering from a series of recent blows to its credibility, yesterday produced the results of a unique research exercise in which it has placed itself under investigation.

The study shows that public approval of the police remains relatively high - but there are sharp divisions between the public and the police over the style in which officers should operate. It also suggests that Government pressures for greater financial efficiency are putting at risk traditional policing methods which are valued by the public.

The review of policing, one of the most comprehensive ever conducted, involved all 43 English and Welsh forces. It was established by the Association of Chief Police Officers, the Police Superintendents' Association and the Police Federation - which together represent all ranks - because of concerns that traditional policing is under threat, partly from Government pressures for the service to meet businesslike efficiency measures.

Publication of the results of the survey, commissioned in late 1988, comes at a time when the public reputation of the police has been called into question.

Mr John Dellow, president of the Association of Chief Police Officers, said he hoped the openness which the police service was demonstrating would be recognised.

In recent years, chief constables have been under growing Government pressure to improve efficiency. Applications for increases in numbers have to be accompanied by proof that extra numbers will provide value for money.

But, suggests the review, this is leading forces to concentrate on those aspects of police work which can be quantified and measured - putting at risk the traditional policing.

Traditional policing, based on police officers on foot, is shown by the review to enjoy strong public support.

But the review shows that among police officers at large there is greater enthusiasm for a more positive detect-and-arrest style of policing.

Disbelief over Fayed decision

Philip Stephens, Political Editor

THERE was an air of puzzled and indignant disbelief at Westminster yesterday as MPs reflected on the Government's decision to take no action against the Fayed brothers over the manner in which they acquired House of Fraser.

Mr Nicholas Ridley's half-jocular remark following the publication of the DTI inspectors' report that the events were not "particularly heavy-weight" was quickly disowned by Tory as well as opposition Labour MPs.

The report after all had spoken of "a massive fraud against the Government" - not something that most at Westminster regard as lacking significance or susceptible to explanation in a two-minute ministerial statement.

Mrs Margaret Thatcher made it clear that the decision not to disqualify the Fayeds as directors of House of Fraser was a "quasi-judicial" one

taken by Mr Ridley alone rather than by the Government collectively.

MPs insisted that, whatever the Trade and Industry Secretary's stance, they would continue to press for a full Commons debate on the issue. "We have just started (on this issue) in the House... we need to know a lot more", Mr Kenneth Warren, the Conservative chairman of the Commons Trade and Industry Committee said.

The Trade and Industry Secretary's off-hand - some suggested disdainful - manner in the House prompted unease among senior colleagues in the Government.

"He is his own worst enemy... he has made the Government's position more difficult", one commented. A senior cabinet colleague, while stressing that he was not aware of the legal advice received by Mr Ridley, said

that he was "appalled" by his performance on Wednesday.

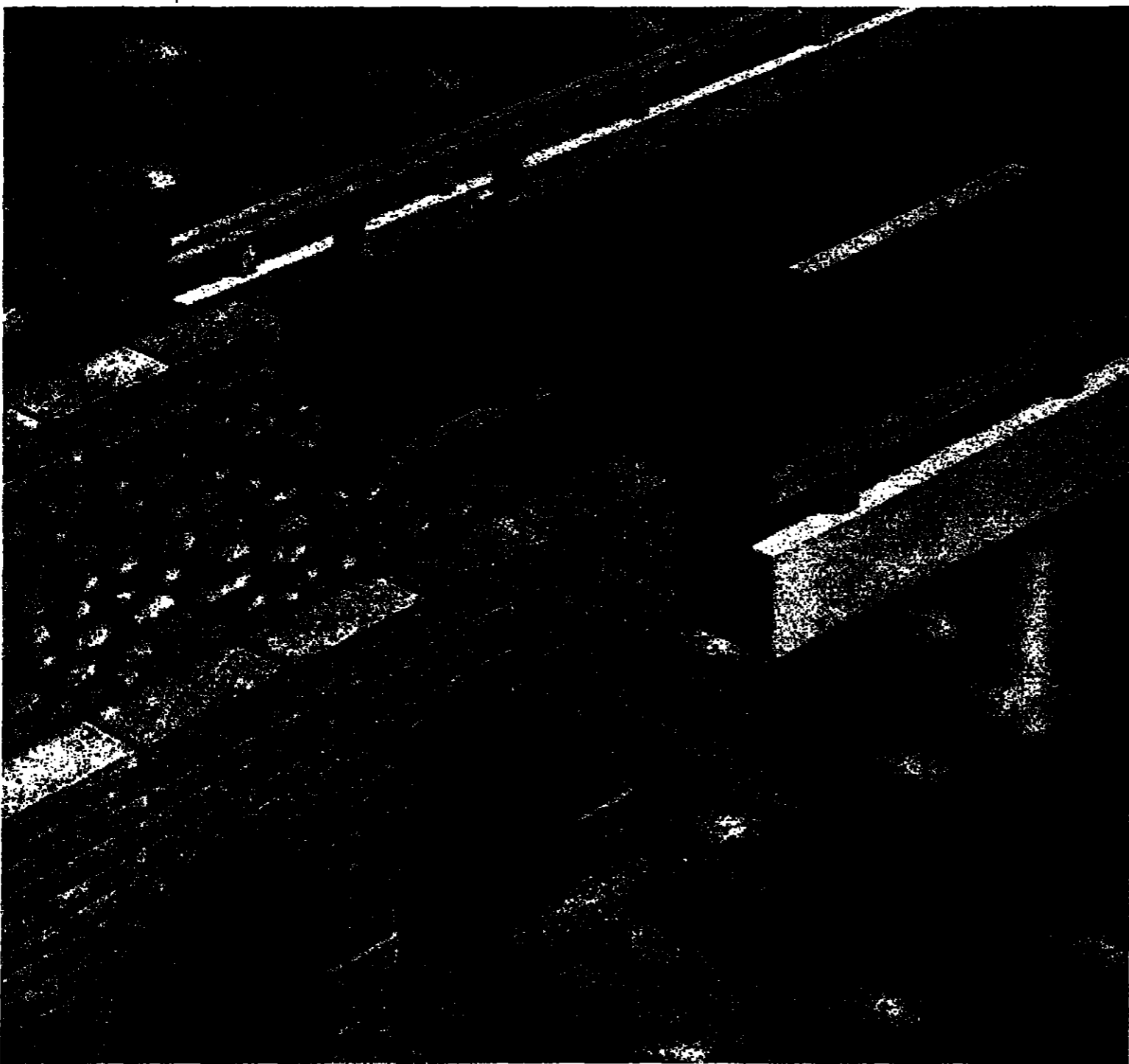
Another senior minister added that Mr Ridley had managed to convey the impression that the Government was indifferent to the way business and the City conducted its affairs.

Of itself, his decision would probably not inflict significant political damage, but it had left a "nasty taste". The slump in the Government's popularity caused by high mortgage rates and the poll tax meant it could not afford to be accused of condoning such behaviour.

Mr Warren's view that Mr Ridley should have used its powers to disqualify the Al Fayeds as directors was also widely shared among Conservative as well as Labour MPs.

Mr Ridley meanwhile was facing speculation that his own, recently beleaguered, position in the Government was beginning to look precarious.

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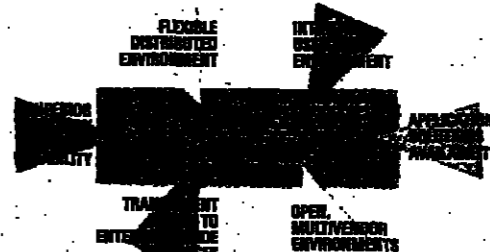
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RIDAY MARCH

Public supply
the traditional
British Board
says report

y Alan Pike, Con-

sairs Correspondent

BRITAIN'S POLICE

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After Airline Food & Wine Competition 1990.

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American Airlines	456.5
British Airways	421.5
Virgin Atlantic	388.5
Qantas	388.5
Delta	386
United	379
Southwest	378
Allegiant	358.5
JetBlue	330
Frontier	320

AFTER TWO YEARS' CAREFUL PREPARATION, WE'D LIKE TO OFFER YOU SOME FOOD FOR THOUGHT.

At American Airlines, we can honestly say that our new menus took two years to prepare and perfect. During that time, we have been engaged in consultation with leading chefs in Europe and the U.S., as well as with a professor in the study of wine at one of America's leading universities.

In fact, no effort has been spared in pro-

ducing innovative, healthy food, and wines of unmatched quality.

And it seems that our efforts have been appreciated.

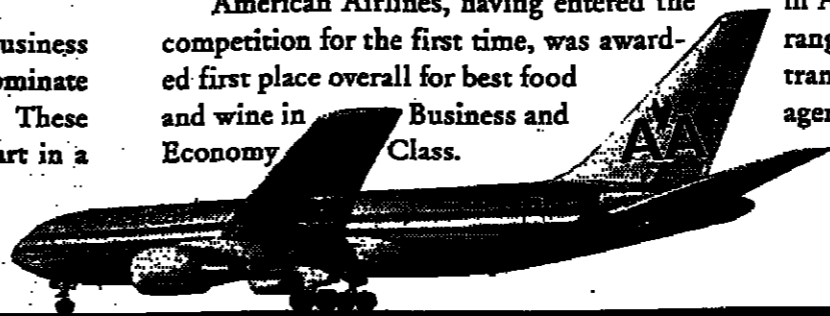
Just recently, the readers of Business Traveller Magazine were asked to nominate their top ten international carriers. These carriers were then invited to take part in a

specially staged competition, in which a panel of international experts sampled representative menus.

American Airlines, having entered the competition for the first time, was awarded first place overall for best food and wine in Business and Economy Class.

But the good news about our food and wines is just for starters. You'll be hearing a lot more about our new Business Class service in April. In the meantime, if you'd like to arrange your own tasting on one of our daily transatlantic flights, just contact your travel agent or call us on 0800 010151.

American Airlines
Something special in the air.



TECHNOLOGY

Clive Cookson reports on the use of chemical treatments to stop the world's books from disintegrating

New chapter opens in a tragic story

A chemical fire is burning slowly through the world's libraries. Tens of millions of books are crumbling away, as acid in the paper breaks down the fibres that hold them together.

"The proportions of the problem are enormous and it is no exaggeration to state that we are facing a national, if not international, disaster," says James Billington who, as Librarian of Congress, heads the US national library. "Our nation's intellectual heritage and the records of human civilisation are seriously threatened."

As librarians have become aware of the problem over the last few years, they have sponsored research into chemical processes which could be used for mass de-acidification of books. The first large-scale treatment centres, handling more than 1m volumes a year, are likely to open during the early 1990s.

Chemical companies - notably Akzo of the Netherlands and FMC of the US - are showing increasing interest in what promises to be a significant niche business. Estimates of the potential size of the paper de-acidification market are still speculative, but it seems reasonable to expect 2m books a year to be treated by the late 1990s at a unit price of \$5 each. Several different chemical processes are being tested in pilot plants (see below).

The establishment of industrial papermaking in the mid-19th century sowed the seeds of the disaster now facing the world's libraries. In response to the rapidly increasing demand for books, mechanised mills were built to convert wood pulp to



paper. The production process involved chemicals such as aluminium sulphate (a "sizing" agent added to make the paper less porous) which left the finished product slightly acidic.

Over the decades, the weak acids break down the cellulose chains which hold the paper together. As a result the book becomes increasingly brittle and finally crumbles into dust. Most books printed on pre-industrial paper made from cotton or linen rags are immune to the problem, and so are ancient manuscripts on parchment or vellum.

Books published in the late 19th century are most seriously affected,

because their acid paper has been destroying itself for longer than 20th century works. But the vast majority of books printed during this century are vulnerable and will disintegrate unless they are de-acidified. Publishers did not begin moving back to acid-free "permanent paper" until they became aware of the problem in the 1930s - and even today a majority of the world's books are being produced on acid paper.

The Library of Congress in Washington has led the research and treatment programme which is now being pursued by all major national libraries to tackle the chemical fire consuming their collections.

Library of Congress estimates that 98 per cent of its 15m books are printed on acid paper and will require de-acidification sooner or later; one quarter are already too fragile for normal use.

As an interim measure, before mass de-acidification becomes available, libraries are microfilming some of the most vulnerable volumes so as to capture the information in them before they disintegrate. But microfilming is expensive - the total costs exceed \$100 for an average book - and it does not preserve the book as a physical object.

It is also possible to de-acidify books by hand but that costs even

more - \$300 for an average book - and the number of volumes that can be treated in this way is very small. The mass treatments are expected to cost \$5-10 per book.

Although all research librarians now recognise the urgency of the acid book problem, libraries are not yet rushing to invest in mass de-acidification. They are held back by lack of funds and the natural caution of book conservationists.

"One difficulty is that all the methods of mass treatment go against a basic tenet of conservation work that everything you do should be reversible," says Derrick Priest, professor of paper science at the University of Manchester Institute of Science and Technology.

Some preservation experts want more information about the long-term effects of the protective "buffer" chemicals laid down in the paper. (They are acknowledged to be completely safe for people handling the books.)

Even so, the Library of Congress is about to issue a formal Request for Proposals for facilities to treat 1m books a year and the chemical industry hopes that will encourage other research and university libraries to go for mass de-acidification. The British Library hopes to use the process it has developed with the University of Surrey.

Paper specialists say de-acidification could grow into a \$100m a year international business within 10 years, preserving not only library books but also company archives, legal documents and anything worthwhile written on paper that would otherwise destroy itself.

and the company has developed a fast dielectric heating method.

A pilot plant will start up in North Carolina next month and FMC is talking about building a commercial plant that could treat more than 2m books a year in the early 1990s.

● In the UK, the British Library and the University of Surrey have jointly developed another process which both de-acidifies and strengthens damaged books.

It inserts polymer chains into the paper. A mixture of monomer chemicals (ethyl acrylate and methyl methacrylate) diffuses into the books and is then converted to polymer by irradiation with low-level gamma rays inside a sealed container.

Laboratory tests show that this process will extend the life of decayed paper ten-fold, says Kenneth Cooper, chief executive of the British Library. "We are on the brink of looking for a commercial partner to scale up the process."

World Bank lends help to global toxic clean-up

The World Bank has launched a global programme to assist poor countries in the development of effective policies for the control of toxic wastes.

The project, embracing collaborative work by research and training institutions throughout the world, is intended to reinforce the Bank's policy of refusing to give development funding to any industrial venture involving the disposal of hazardous wastes.

These measures follow the Bank's recent decision to make environmental considerations a part of its global lending policy. The measures have been adopted in response to widespread fears of chemical waste being dumped in the industrialised countries to less developed ones.

The Bank's policy is in line with the provisions of a convention to regulate toxic waste shipments which was negotiated last year under the auspices of the United Nations' Environment Programme. The convention is expected to be passed into law this year. But many chemical companies and waste merchants may seek to beat the law's enactment by increasing their hazardous exports before the convention becomes legally binding.

Many countries, such as Malaysia, Indonesia and Thailand, have recently enacted laws covering the safe storage, treatment and disposal of hazardous industrial wastes. But they lack the technological means to enforce their laws or even to assess how much waste is being produced or imported.

Roger Baston, an industrial pollution specialist at the Bank, explains: "If a government is unable to enforce its own regulations, you can be certain that the companies generating the wastes are not going to be serious about waste management. Many companies simply bury wastes, the cheapest way to get rid of their hazardous wastes. That usually means that they pay a small fee to a haulier who will carry it off and dump it along a highway or in a river."

Hazardous wastes are produced in almost every nation. But the Bank believes that the most

serious problem exists in the newly developed regions of Asia and Latin America where industries have sprung up before governments have had a chance to establish effective waste treatment facilities or safe disposal systems.

Industrial policy makers in many countries including India, China and the Philippines are involved in assembling development projects that include steps to limit the production of hazardous wastes. The Bank wants to persuade governments that they must provide incentives to industry to adopt technologies that make more efficient use of resources. The cost of clearing a hazardous waste dump by 100 times greater than the investment needed for proper waste management.

Scientific and technological research centres are also involved in training and development programmes co-ordinated by such global authorities as the Seibersdorf Laboratories of the United Nations International Atomic Energy Agency. It is working to set an accountancy and control system for industries generating toxic materials.

If Bank has published a set of guidelines for industry, government officials and engineers. The guidelines are intended to help poor countries to establish dependable waste management programmes.

Thomas Land insists that it "will not finance any projects in any of its borrowing countries that involve the disposal of hazardous toxic wastes from another country," and "it will not finance the shipment of hazardous or toxic wastes to the Third World in any developing country." However, it will "support efforts of borrowing countries to build or strengthen their own domestic facilities for effective waste management through recycling, recovery, reprocessing and safe disposal."

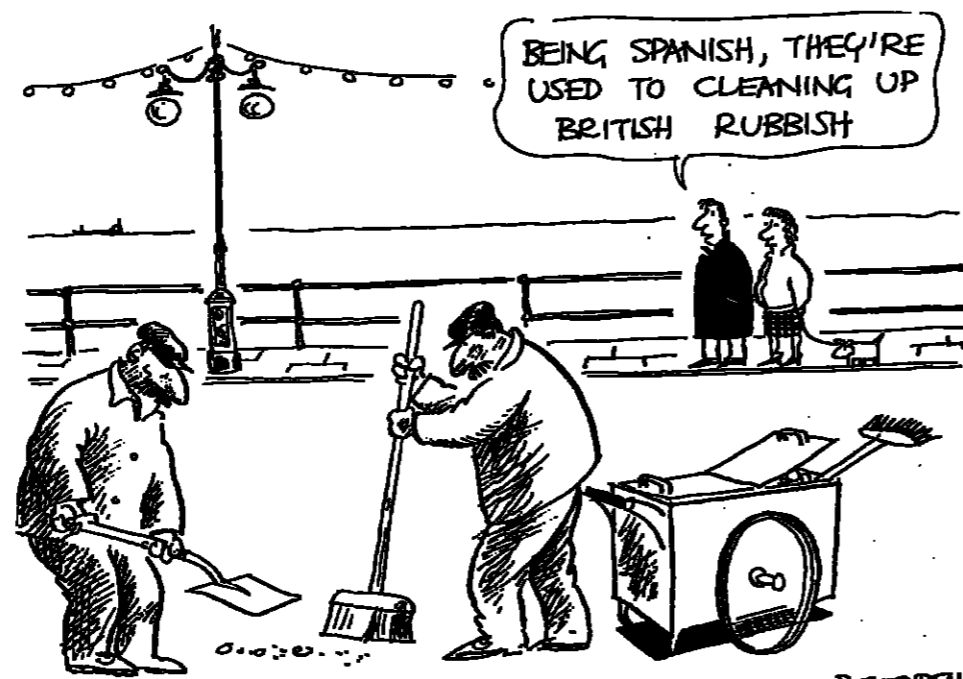
Thomas Land
The Safe Deal of Hazardous Wastes: Spill Needs and Precautions for Developing Countries. The World Bank, Paris & Washington, 1989.

MANAGEMENT

Contract management

Focsa makes a clean sweep in Brighton

The Spanish company may prove to be a trendsetter as European markets open up. Jimmy Burns reports



think the English look at us differently from the way they did, say, ten years ago when Spaniards who came to England were immigrants and from the lower classes."

He adds: "People have already made me very welcome in Brighton for which I want to thank them."

On the second point Focsa claims progress already. It has introduced an innovative three-wheeler van for collecting rubbish. It is also making its staff work a flexible shift, six days a week, with Sunday working if called upon to do so. As for trade union recognition, Nuñez is keeping his options open.

Under the previous cleaning contract run by the local authorities, staff worked a five-day week and earned overtime. There was also relatively strict demarcation between jobs, and unions were fully involved in collective bargain-

ing. The previous working pattern also meant that rubbish was collected only once a day, early in the morning, instead of throughout the day, as now.

Nuñez says: "We are a commercial company which has to make a living. And the way we're keeping going is because we are giving the council good services at a good price."

Nuñez's administrative offices recently responded to a lively gabbles of Spanish voices. Black tobacco smoke lay thick on the air. Dictionaries were strewn around the tables along with the papers, brochures and wages slips. Kirkpatrick insisted on conducting the interview in more serene surroundings in another part of town.

The Spanish voices belonged to a team of advisers brought over to help set up the company's operation. Nuñez says that the majority were only temporary and that the bulk of

his 114 staff was being recruited locally.

Was this a response to local pressure?

Nuñez, speaking in English, was unequivocal. "The policy of our company is to employ local people because we find this more interesting and more economical. In business it's not a question of one nationality or another but of getting the people who are best qualified."

Although Brighton has a fairly large Spanish community, only one Spaniard applied for a street cleaning job when Focsa advertised in the local press. The rest of the workforce previously worked for the local council or were unemployed and applied in the local job centres.

The Spanish cleaner refused to be interviewed for this article on the grounds that he did not want public attention to be drawn to him.

One former British employee

of Focsa agreed to be interviewed but on the condition that he remained anonymous. He left the company five weeks ago, partly because of back problems and partly because of language problems. He is looking for another job.

"I'd been working for an English company it would have been different. I could have explained about my back problems. But with these Spaniards... well, I just couldn't get through."

Paul Cadman is a local shop steward with NUPE, the public service trade union, who has close contact with Focsa employees. He says that the fact that their employer happens to be Spanish as opposed to British has become increasingly irrelevant. "The staff are prepared to treat Focsa like any other employer as long as their terms and conditions are all right."

Another local union officer, Eddie Blake, of the GMB, a general union, says that while there is no "anti-Spanish feeling" among his workers, his union does regard it as a priority to ensure that as many Focsa jobs as possible go to British nationals.

Blake adds: "Of course, after 1982, when there will be a free flow of labour, we have to accept that things will be different."

Nuñez would not predict what would happen after 1992. Instead, armed with a merely bound history of Focsa, he talked enthusiastically of his company's already considerable experience beyond Britain's shores - cleaning cities all the way from Marbella in Spain to Caracas in Venezuela.

"We have thrived and grown for 90 years but not disappointing our clients... we are employing new technology and new working practices which help increase efficiency and reduce costs."

One letter to the local press displayed by Kirkpatrick conveys huge satisfaction among the local population at the speed with which Focsa had made Brighton sparkle since beginning its operations at the end of January.

Cadman claims that not all is well in the Focsa camp. Not only have more than 20 workers left the company after complaining of poor working conditions, but the outgoing suburbs of Brighton - rarely visited by tourists - are rather dirtier than the centre, an allegation denied by the company. The only certainty is that no one in Brighton is talking about Manuel workers any more.

Demographics

Why the over-50s still have time on their side

Christina Lamb reports on attitudes towards the older manager

There is something rather ironic about job adverts which specify an age limit for applicants, and underneath claim "We are an Equal Opportunities Employer."

Emphasis on the youth culture and the belief that young managers create more dynamism mean that older managers have been discriminated against.

Cost cuts by companies almost invariably mean those nearest retirement are the first to go since younger people are considered to work at lower salaries. But today an increasing number of experts are saying that managers over 55, far from being resistant to change, have a lifetime of varied experience to offer. After all, since 1945, they have had to adapt to the introduction of such developments as photocopyers and calculators.

Demographic changes which mean fewer new entrants to the workforce are forcing people to reconsider employing the mature manager.

A survey by the Management Consultancy Association of 100 UK chief executives found the greatest concern for the 1990s to be people availability. Twenty-seven per cent said the most important action needed was to employ older people.

One of the UK's best known older managers, Sir Ian MacGregor, the former chairman of British Steel and the National Coal Board, says that a large resource is being ignored.

MacGregor, who was in his 70s when he was asked to head the coal board, points out that not only are there fewer young people but improvements in health and medicine have resulted in people living longer, so there are more retired workers people to subsidise in the US by the end of this decade there will only be two working people for every retired person.

MacGregor told a conference in London this week: "We will soon reach a time when the idea of retiring at 65 is no longer economically valid, either for the individual or to the whole cost of running society."

It could be that sound economics will require us to expand the working life of the average person."

He drew attention to the training and skills difficulties faced by companies today and criticised the education system for failing to produce people interested in learning skills.

"One of the problems we face is that training young people takes time, costs money and requires a basic education... the declining availability of trainable young people means that in order to succeed, companies must now look to older managers."

MacGregor denies that for organisations to have dynamism and drive they need to be run by younger people - like Alan Sugar and Richard Branson. He points to the dramatic growth of the Hanson Group and the turnaround of British Airways. Both are headed by men well over 50 - Lord Hanson and Lord King, respectively.

According to MacGregor, there is more competence among senior management within organisations than people give credit for. "When I joined British Steel in 1960 I'd been advised by outsiders of great deficiencies within management. Instead I found an enormous reservoir of knowledge and experience in the older management all of whom had the desire to be part of a winning team. My task was not to bring in new people but motivate those we had."

Preconceptions that intellectual or physical capabilities must decline with age are myths that are not supported by evidence, according to Paul Thorne, a corporate psychologist who heads the Psychom Partnership.

"People learn differently, not less well, as they grow older," he argues, but says they must be given new activities in order to be stimulated and different kinds of task requiring more data analysis rather than those where speed is of the essence.

"Judgment about age should not be about age collectively," says Thorne. "Differences

widen as people get older - the good get better and the bad worse. The older managers are often better than the best younger."

He argues that studies have found no connection between age and work performance. Older managers may talk longer, he admits, but it is because they feel the need to consider more options.

Peter Naylor, vice-president of the Institute of Personnel Management, agrees that there is a poor criterion of ability. "UK and US evidence show that the job performance managers actually improve as they get older. We need to have a more positive image of the older man and respect their wide breadth of experience rather than imagine them as dribbling, incontinent and unable to remember names."

Attitudes to the older manager are changing, believes John Appleyard of the Job Change Project which helps professionals who have been made redundant. However, he says that while companies are turning to older managers, they are trying to exploit them by offering re-employment at lower wages.

Thorne complains that organisations, by parading youth culture and rearing people early, create depression among older people, which affects their performance. They become jealous of young graduates and, feeling out of date, start acting aggressively - thus turning into the stereotypical older manager.

He says preconceptions that people over 50 cannot be taught anything because of the loss of physical neurons should be cast aside. "Although we lose 100,000 brain cells per day (36 m yearly after the age of 35), this is from a base of 10-15 bn - leaving us 85-95 per cent, and as we don't use more than about 2 per cent this is quite enough."

So there is hope for the Mature Manager. The message is - if you are not how old you are.

After all Verdi was 80 when he wrote Falstaff.

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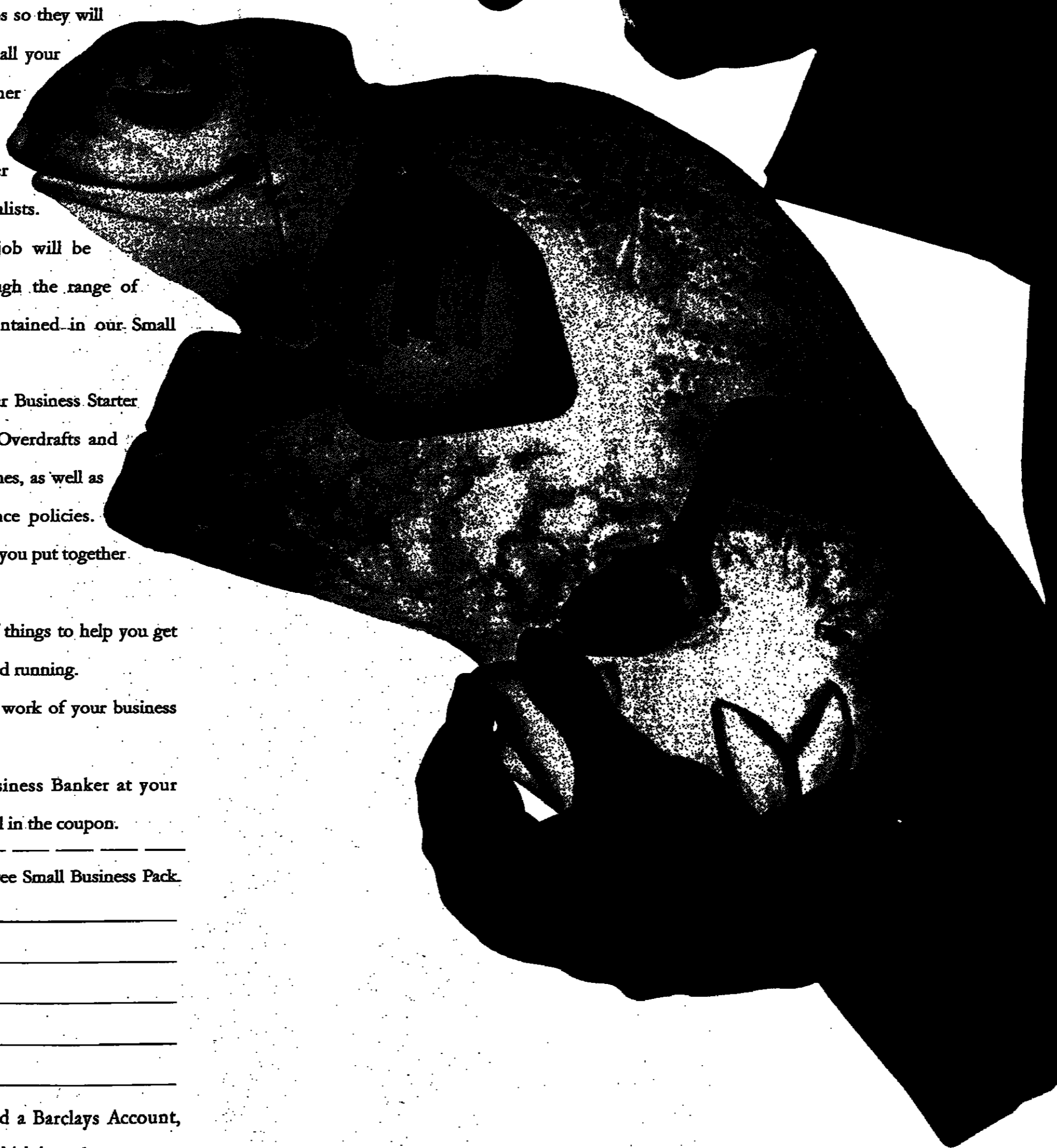
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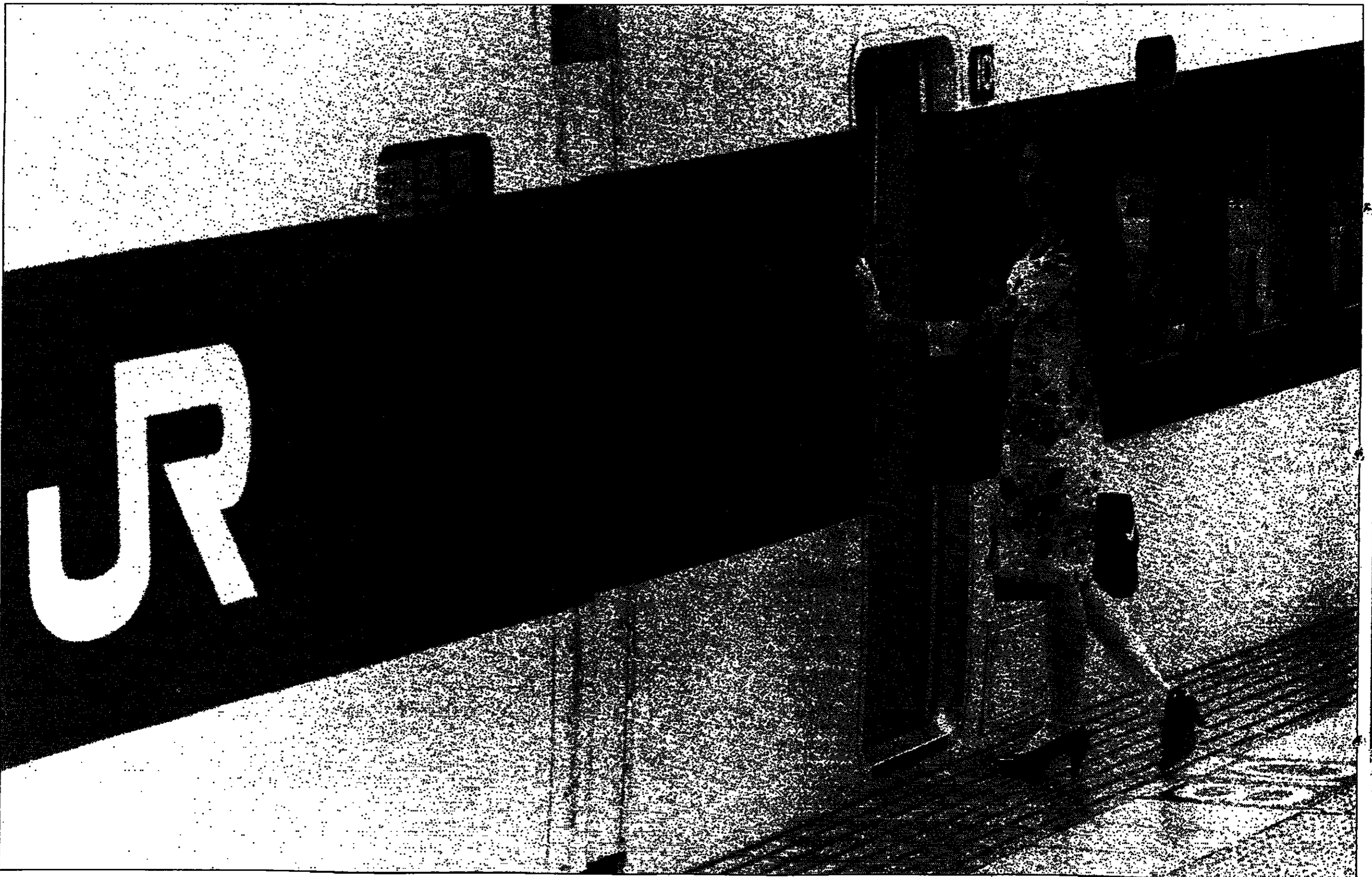
In 1989, the East Japan Railway Company (JR East) carried more than five billion passengers. That's almost 10 times the combined populations of the Group of Five nations—France, the United Kingdom, the Federal Republic of Germany, Japan and the United States.

With a route network including metropolitan Tokyo, JR East is the largest of six private passenger railways created out of the Japanese National Railways.

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CONTRACTS

Equipping Indonesian power station

HAMON-SOBELOO, Belgium, has been awarded a US\$42m (US\$42m) contract for the supply of thermal and chemical equipment for the turbine island of Palton power station, a coal-fired unit owned by PLN, the Indonesian electricity authority. The order is for delivery, erection and commissioning of the condensing and feedwater pump, boiler feed pumps, circulating water intakes, and water treatment plant for two 400 MW units. Sumitomo Corporation, Japan, is the main contractor.

JOHN SISK AND SON will start work shortly on contracts worth £12.5m. In the commercial sector contracts include a £5m five-storey office construction in Hammersmith and a £3m refurbishment and air conditioning installation at the new headquarters building of Ladbroke Racing in Rayners Lane, Middlesex. Among the leisure sector contracts is a £2.5m management contract to refurbish the Westbourne Suite at the Royal Lancaster Hotel, London W2, and a £300,000 demolition and stripping project at the Londonderry Hotel, London W1.

ML HOLDINGS, Yorkshire-based subsidiary, ML Stingsby Group, has won a £14m contract to supply large components built in composite materials for the British aerospace Jetstream 41 aircraft.

SULZER (UK) BUILDING SERVICES has received orders for the installation of mechanical and electrical services totalling over £14m. They include a £2.5m project for Taylor Woodrow at a residential training college at Warnborough, Hants; and a £2.5m contract from John Laing Midlands at East Birmingham Hospital.

A variety of contracts totalling £12m have been awarded to **SHEPHERD CONSTRUCTION'S** Darlington office. Among the contracts are projects at Gateshead, Barnard Castle, Darlington and Carlisle.

The largest is a £41m design and build office development scheme on Team Valley Trading Estate, Gateshead, for Akler Brighthouse. Shepherd Design Group is the architect for the development which comprises two, mainly two-storey, office buildings to provide 64,600 sq ft (6,000 sq metres) of lettable office space.

Two contracts for Glaxo

Operations (UK) at Barnard Castle total £4.2m. The larger of the projects is for the £3.3m superstructure for an extension to the K2 production building. Shepherd is also carrying out alterations to "C" Block to provide a production facility.

Darlington Civic Theatre will be considerably enhanced on completion of a £1m extension contract for Darlington Borough Council. This will provide the theatre with 300 additional seats and new foyer and bar facilities.

Container cranes

DAVY MORRIS, Loughborough, part of the Davy Corporation, in a joint venture with Krenco Material Handling, Houston, Texas, has won a US\$16m (£9.7m) order from the Port of Houston Authority for container handling cranes to be installed at the Harbour Cut terminal. The contract is for two ship-to-shore cranes, and four rubber-tyred gantry cranes. The cranes will be made in Texas, using Davy Morris design and technology.

HAWKER SIDDELEY POWER ENGINEERING has won an engineering, procurement and construction contract valued at over £8m, from Petroleum Development Oman, of the Sultanate of Oman. The contract forms part of the development of the Lekhwa oilfield. The project will result in the production by 1994 of about 100,000 barrels per day from the field, around 1/6 of the country's current total output. HSEPE will be responsible for the provision of a 132 kV overhead power transmission line between Tibal and Lekhwa, a 132/33 kV substation at Lekhwa and a 33 kV substation at the new Lekhwa residential camp now under construction. The contract will also provide for an extension to the 132 kV substation at Tibal.

Norske Shell, operator of the Draugen field in Halmankhan, has awarded a contract for freight forwarding services to **VESTBASE** in Kristiansund. The contract has an estimated value of NOK 50m (£4.8m), consisting of a fixed fee and reimbursable components for the project's material movement requirements. Vestbase will be responsible for the administration of freight forwarding and

customs clearance for about 18,000 tonnes of equipment and material for the Draugen topsides.

STC has won a £3m contract to supply a Northern Telecom DMS-100 Supernode exchange to British Telecom. The switch will be the basis for a new service to be known as International FeatureNet. This is planned to commence in the autumn, and will allow multinational companies to extend their private communications network to international locations using BT's public telephone service. A subscriber's UK network will be able to connect to those of overseas carriers in 193 countries.

MORRISON KNUDSEN CORP., Boise, Idaho, has a contract worth over \$3m (£2m) from a division of Atlantic Richfield to decommission a uranium mill in New Mexico which was operating from 1962 to 1982. MK will dismantle, demolish and dispose of all buildings and facilities on the site.

HOLDER PAMAC, part of the Simon Engineering Group, has won a £3m fixed price contract to design and build a paper machine for James Cropper's Burnside mill in Kendal. The single wire fourdrinier machine will produce coloured, fine, watermarked and felt marked papers. It will operate at speeds up to 250 metres/minute, and will be capable of future speeds up to 500 metres/minute. The wire width will be 3650mm, and the machine will trim at 3250mm.

Automating Chinese bank

NCR CORPORATION has won a US\$3m (£1.8m) contract from the People's Bank of China, the central bank, for automated cheque-clearing equipment. The first such system in the country. It will be installed at the Guangzhou (Canton) branch, near to Hong Kong, where the bank has 13 branches. The system is intended to handle up to 100,000 cheques a day.

The pump division of **BW-IP INTERNATIONAL**, Cologne, has won a US\$1.5m (£914,534) order for three motor-driven Byron Jackson multi-stage pumps. To be delivered in April, the pumps will be at a natural gas processing plant in Karatschaganak, USSR.

CARLTON BUILDING SERVICES, a division of the Melville Group, has won contracts valued at \$2m. The awards cover a wide range of fitting out projects, including offices in London for Citibank, a development of luxury flats in Docklands for Peat Marwick and offices in Canary Wharf for Olympia and York.

A £5m contract to refurbish the exterior and interior of Northwood Tower, a 21-storey block of flats, has been awarded to **VAT WATKINS** by the London Borough of Waltham Forest. Other group projects include the £1m modernisation of five blocks of flats in Tadworth for Raigate and Bantstead Borough Council.

SIMON-HARTLEY HONG KONG, a member of the Simon Group, has received two contracts, worth £4m, for the improvement of the activated sludge treatment process at Sha Tin and Tai Po sewage treatment works, from the Hong Kong Government.

MULTI CONSTRUCTION has received two orders worth £2m each. Trafford Metropolitan Borough Council has placed a contract for a sports hall at Urmoston Girls Grammar School and Barnsley Metropolitan Borough Council has commissioned the building of a home for the elderly at Wombwell, Barnsley.

Management contracts worth more than £1.25m have been awarded to the **PSD GROUP** by Marks and Spencer for the project management of shop fitting installations at stores in Welwyn Garden City, Cardiff, Chichester and Miford.

Chesterfield-based tunnelling and pipe jacking specialist, LASERBORE, has been awarded a £1m sewerage contract in Herne Bay, Kent, by Canterbury City Council acting as agents for Southern Water. The contract, part of the scheme to upgrade the town's sewer system, requires the installation of 1,000 metres of pipe jacking and 1,000 metres of open cut.

Flux Menswear, which operates 22 stores on the South Coast, is to invest £250,000 in a central computer EPOS system from **FENNINE COMPUTER SERVICES**.

FT LAW REPORTS

Ship's deviation was reasonable

AL TAHA
Queen's Bench Division:
Mr Justice Phillips:
February 1990

A SHIP'S reasonable deviation from its contractual course is not rendered unreasonable under the Hague Rules by the fact that it was planned before conclusion of the contract of carriage or commencement of the voyage, nor by an act of negligent navigation during the deviation; and accordingly, the shipowner is not liable for loss suffered as a result of the deviation and is entitled to a general average contribution from cargo-owners for expenses incurred.

Mr Justice Phillips so held when giving judgment for the plaintiff shipowners, Lyric Shipping Inc, on a claim for general average contribution against cargo-owners, Internatals Ltd, as first defendants, and guarantors, Phoenix Assurance plc, as second defendants.

HIS LORDSHIP said that by a charterparty dated December 24 1981 the Al Taha was time-chartered for a trip beginning retroactively on December 14 1981. On December 26 she ran into heavy weather in the Atlantic. Her agents decided she should proceed to Boston for anchorage for repairs.

On January 5 the vessel was still at sea in the grip of heavy weather. Her No. 6 boom broke free and was damaged. The agents and managers re-appraised the situation in the light of the need to effect repairs.

They decided that the vessel, which was equidistant from Boston and Portsmouth, would proceed to Portsmouth where she was to load a cargo of shredded scrap metal for carriage to Izmit in Turkey. While loading was in progress repairs would be carried out. The boom would be transported by road to Boston for repairs.

That plan was put into effect. The Al Taha arrived at Portsmouth on January 8. Loading of cargo commenced and continued until the 15th.

During that period heavy weather damage was repaired. The boom was taken to Boston and repaired by the 14th. Snowfalls impeded bringing it back by road.

On January 15 a bill of lading was signed by the master acknowledging shipment of the

cargo. The contract of carriage contained in the bill of lading was subject to the US Carriage of Goods by Sea Act 1924 (US COGSA).

On the 16th the Al Taha sailed for Boston and was berthed in the inner harbour. The boom was replaced, additional heavy weather damage was repaired, and fuel was loaded. By January 19 the vessel was ready for sea. It was then necessary for her to wait for the tide.

The docking pilot negligently took Al Taha out of her berth too soon. She moved astern while the tide was still rising. She took the ground and sustained damage. It was necessary for her to put back to Boston as a port of refuge.

As a result of the grounding the owners incurred expenses in respect of which they claimed \$88,056 general average contribution from cargo-owners.

US COGSA applied the Hague Rules to the contract of carriage.

Article IV rule 4 of the Rules provided that "any reasonable deviation shall not be deemed to be a breach... of the contract of carriage, and the carrier shall not be liable for any loss or damage resulting therefrom".

The cargo-owners contended that in putting into Boston the Al Taha unlawfully deviated from the voyage from Portsmouth to Izmit.

Under a contract of carriage for a single voyage the vessel was obliged to proceed by "a usual and reasonable route without unjustifiable departure from that route" (see *Scrutton on Charterparties* 19 ed 259). As to the choice of bunkering ports, the doctrine of stages enabled the shipowner to fix the stage, ie to determine where he would bunker (see *Reardon Smith* [1939] AC 562, 573).

The evidence established that for a vessel proceeding from Portsmouth, Boston was the usual bunkering port, and that the usual bunkering place was the outer anchorage. The shipowners contended that proceeding to inner harbour at Boston constituted a deviation.

In *Stag Line v Foscolo Mango* [1932] AC 328 Lord Atkin said the test of a lawful deviation under Article IV rule 4 was "what departure might a prudent person controlling the voyage at the time make and maintain, having in mind all the relevant circum-

stances..."

On the evidence the decision to bunker at Portsmouth after loading, rather than call at Boston, for bunkering and repairs before loading, was the only reasonable decision to make once the fact and implications of the heavy weather damage were appreciated.

The decision to put into Boston inner harbour to collect the boom was taken on or about January 15. It enabled the vessel to sail on the following day. The alternative would have been to wait at Portsmouth until at least the 18th and possibly longer for the boom to be re-delivered by road.

It followed that the deviation into Boston inner harbour was reasonable.

Mr Steel for the cargo-owners submitted that the deviation permitted by Article IV rule 4 must be made *ex improviso* as a consequence of some contingency which arose or was discovered after the contract of carriage was concluded and the voyage commenced - both being on January 15 when the bill of lading was signed.

A planned deviation would, in his submission, always be a breach of contract unless the contract of carriage expressly permitted that deviation. He referred to *Monarch Steamship v Karishams* [1949] AC 196, 212 where Lord Porter said that deviation necessarily made to remedy unseaworthiness did not amount to unjustifiable deviation "unless it is established that the owners knew of the vessel's state on sailing".

In *The Willdomino* (1927) 272 US 714, 727 McKeenolds J dealing with the Common Law right to deviate in cases of necessity, said "an emergency situation to excuse a departure cannot arise out of circumstances deliberately planned". Mr Clarke for the shipowners submitted those decisions had no application to the test of what was a reasonable deviation under Article IV rule 4.

That was correct. In *Stag Line* Lord Atkin rejected the contention that the rule did no more than reflect the position at Common Law. A "reasonable deviation" within Article IV rule 4 could be a deviation planned before the voyage began or bills of lading were signed.

In practice such a planned deviation was likely to be reasonable only where it was planned in order to perform

the contractual adventure and where the doctrine of stages rendered such a method of performance legitimate.

Article IV rule 4 would apply in such a case, provided that the deviation planned constituted a reasonable manner of performing the contractual adventure.

In the present case the No 6 boom was necessary if the Al Taha was to be reasonably fit to discharge her cargo at destination. It was not necessary to render the vessel seaworthy at commencement of the voyage. It was reasonable to plan to deviate to collect the boom en route rather than to wait for weather conditions to permit delivery at Portsmouth. The mode of performance was within the liberty afforded by Article IV rule 4.

Mr Steel submitted that the manner of performance of the deviation, namely negligently leaving the berth before there was sufficient water to do so safely, was unreasonable and so rendered the deviation unlawful.

That was not right. In *Stag Line* Lord Atkin said it was not a "mere error of navigation," but "failure to pursue the true course" which made the relevant deviation cease to be reasonable.

A distinction must be drawn between the planned deviation which must be reasonable, and acts or omissions in the course of attempting to carry out the planned deviation. An act of negligent navigation in the course of carrying out a reasonable deviation would not render the deviation itself unreasonable.

What occurred in the present case was an act of negligent navigation in the course of a deviation which was reasonable. The owners remained entitled to rely on Article IV and were thus not liable for the docking pilot's negligence. Their claim for general average contribution was not defeated by that negligence.

Judgment against both defendants for \$88,056 with interest.

For cargo owners: David Steel QC and Paul Walker (Clyde & Co).

For shipowners: Anthony Clarke QC and Charles MacDonald (Lloyd & Co).

Rachel Davies
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THE PROPERTY MARKET

Developers pose a £32bn question for banks

By Paul Cheeseright

Banks have nearly £32bn at stake in the property industry. Many would dearly love to know how this sum will be paid back.

"Bank borrowings by developers are enormous," noted Norman Bowie, elder statesman of the industry at a recent investors forum of the Royal Institution of Chartered Surveyors. "Some say twice that of the UK loans to the Third World. If developers cannot find tenants and sell, as they had planned, to buyers at the historic yields of early 1989, there could be trouble ahead."

The trouble, not for the first time, is the lack of liquidity. The bank loans were taken out on the assumption that there would be somebody to buy a property once completed or pay a rent high enough to cover the cost of the money.

There are still buyers in the market at the right price, but they are not as thick on the ground as in 1987-88. And there are still tenants looking for space, but not necessarily at rental levels appropriate for servicing loans at current interest rates.

How much of that £32bn is at risk is not clear. Some of the money relates to loans taken out at times of lower interest rates and was probably fixed. Borrowers may have taken out swaps and caps. Probably only a small portion is up for repayment immediately.

The problem is with companies holding completed speculative developments which have no tenants and no buyers and with companies facing a shift in the ratio of borrowing to a project's completed value because the latter has slipped in a sluggish market.

Considering the possible range of buyers, solace is not easy to find. Potential owner-occupiers, private investors and smaller property companies seeking to build an asset base are all handicapped by the same difficulties that affect the potential seller: high cost of money and slipping capital values.

Until the economy picks up and there is a return of confidence in the industry - towards the end of the year perhaps - there will be little help from them. That leaves

two other immediate sources of finance, one doubtful, the other more forthcoming.

● **Institutions.** There is not much hope of any immediate surge in property buying from the domestic insurance companies and pension funds. "It is unlikely most of the major players will be significantly in the market. The well-established players have a high proportion of property in their portfolios already," says Michael Mallinson, property director of Prudential Portfolio Managers.

The accompanying graph helps to explain that reticence. By and large, the institutions want liquid, easily tradable assets and property meets neither of those two criteria. In any event, the progressive withdrawal of the institutions from the market throughout the 1980s has changed the relative importance of debt and institutional equity in property. Indeed, the domestic institutions have shown their readiness to sell in the face of the wave of foreign buying interest.

Foreign institutions have

become important players but their main concern hitherto has been central London and it is difficult to see many of them branching out into the regions at this point of the industry's cycle.

● **Banks.** A survey just before Christmas by Woolgate Property Finance showed how the banks were still ready to lend against property. But what they now face is the prospect of refinancing outstanding loans.

"An awful lot of refinancing is going on, or rather, people are trying to refinance," noted one European banker, observing that the brokers were busy putting packages around the market. But the difficulty for the borrower is, again, the interest payments. Many development loans were taken out on the basis of rolling up the interest. To refinance would usually mean making some interest payments at a time when cashflow is squeezed.

The alternative to refinancing is for the banks to take possession of the property against which the loan was taken out in the first place. But this, it is agreed, is the last resort. Banks and borrowers in the British property industry, as in the developing world, may be forced to stick together even if the ride is uncomfortable.

The refinancing solution is

the most obvious and in the short term probably the easiest palliative for the liquidity problem. But there are other financial devices becoming available which could bring, gradually, more funds into the industry.

● **AUTHORISED PROPERTY UNIT TRUSTS.** By the end of the month, the Department of Trade and Industry and the Securities and Investments Board should publish another draft of regulations to cover their trading.

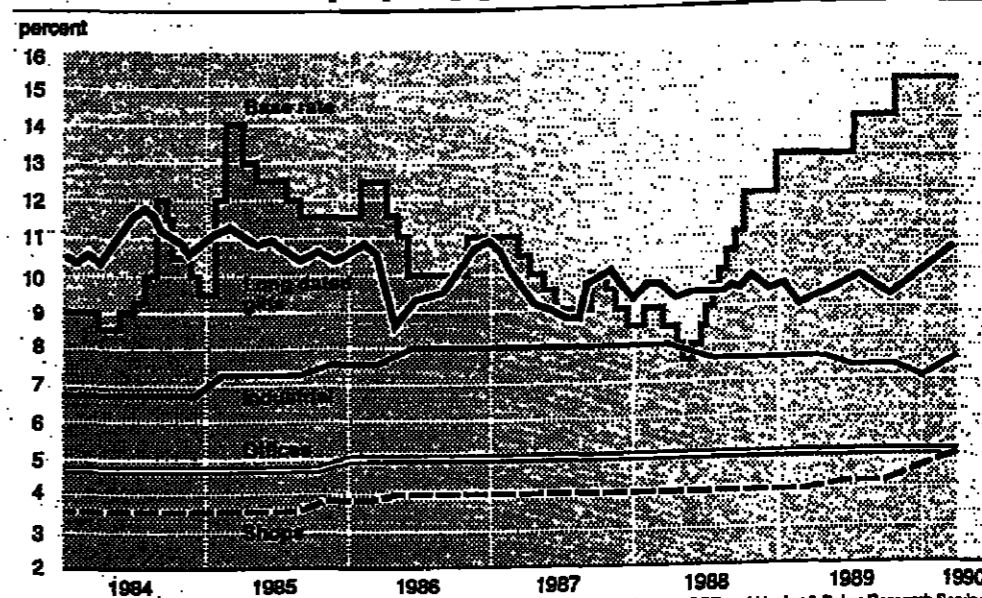
But the launch of such vehicles depends crucially on "tax transparency," meaning that the Inland Revenue takes tax once, either from the trust or the individual investor, but not from both.

The Inland Revenue has been holding talks with people in the industry on just this topic but with what intent is not clear.

● **SINGLE PROPERTY INVESTMENT SCHEMES.** They have been talked about, but founded on tax considerations. Their day has yet to come.

● **PROPERTY FUTURES.** The London Futures & Options Exchange is laying the ground for the launch of a futures contract, linked to an existing property index or derivatives from it. But the regulatory basis has not been settled and much technical work has to be

Prime commercial property yields



completed before a contract covering such a diverse industry can be drawn up.

Should such a contract be actively traded and used as a hedging medium then the property industry would have another source of liquidity, but it seems unlikely that either this or the equity investment option of trusts will be available quickly enough to meet any but a small part of the £32bn problem.

Institutions, warned Mr Mallinson, will not buy out that sum "in an equity form but they may buy it out in a debt form." This raises the question of

● **BONDS.** The present fixed interest market is at a low ebb. According to UBS Phillips & Drew figures, over £2.77bn was raised in new issues by property companies from 1986 to 1989, but there have been only three new issues since last September, to raise £131.3m. There has been one new issue this year.

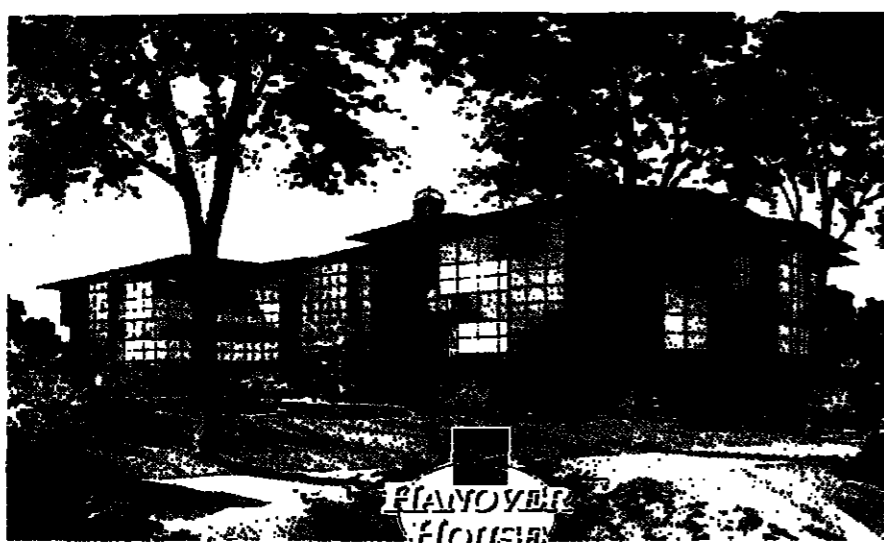
Yet, as Russell Schiller, head of research at Hillier Parker, chartered surveyors, pointed out in the Estates Gazette, "bonds are replacing bank loans as the principal source of debt in many markets. They have enormous flexibility and can be packaged to the particu-

lar requirements of the buyer. They are tradeable in a way that bank debt is not." And, of course, they are tradeable in a way that a direct equity interest in a specific property is not.

Mr Mallinson sees attractions in mortgage bonds secured on assets providing an income flow at a rate a little above gilts. The spread of such instruments may provide the answer to the £32bn problem - but only when property owners can afford to fund them at a rate attractive to other investors. And that is probably not now.

CAPITAL GROWTH (%)				
	Retail	Office	Industrial	All Property
Year to January 90	2.2	14.1	19.2	8.5
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Source: Investment Property Database



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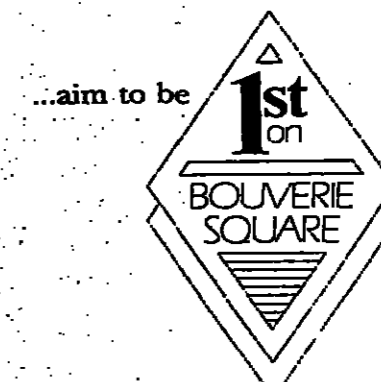
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This is a unique opportunity to provide shopping facilities for the island's 88,000 resident
population on the outskirts of the city and bringing into the island's principal road and
with access from the proposed new road to Rhodes from towns from towns
centre.
Either for sale at a price of US\$5,915,000 or as a joint venture with a developer/contractor.
Further details Barry Evans and Co, Telephone: 01-351 7785,
Telex: 01-351 2175, Telex: 915160 CMECHA G

COMPANY NOTICES

KAWASAKI STEEL CORP.
Japanese Yen 10,000,000,000
Reverse Floating Rate/Fixed
Rate Notes Due 1996

In accordance with the terms and
conditions of the Notes, we hereby give
notice that the Yen Libor for the period
from 9th March 1990 to 10th Sep-
tember 1990 was fixed at 7.625%
giving the Interest Rate Factor of
-1.4105/360. On 10th September
1990 interest of Yen will be due
per Yen 1,000,000.

The Tokyo-Mitsubishi Bank Limited
London Branch
Agent Bank
Dated: 9th March, 1990

THE ROYAL BANK OF CANADA
U.S. \$300,000,000 Floating Rate
Debenture Notes due 2005

NOTICE IS HEREBY GIVEN that for
the Interest Period commencing 30th
March 1990, the Notes will bear
interest at the rate of 8 1/8% per annum.
The interest payable on 12th June 1990
against Coupon No. 17 will be U.S.
\$22,041,667 per U.S. \$1,000 nominal.

Agent Bank
The Royal Bank of Canada
EUROPE LIMITED

THE KYOWA BANK, LTD.
NOTICE TO THE
HOLDERS OF
THE KYOWA BANK, LTD.
U.S.\$100,000,000 1 1/4% per cent.
Convertible Bonds Due 2002
(the "Bonds")

On the 23rd day of February, the
Board of Directors of The Kyowa
Bank, Ltd. (the "Bank") resolved to
make to shareholders of record on
the 31st of March, 1990, a first distribu-
tion of shares at rate of 0.05 share
for one share held, provided that
fractions less than one share which
should be otherwise distributed to the
shareholders shall be aggregated and
sold to third parties. The pro-
ceeds of such sale shall be distributed
as a cash adjustment to the affected
shareholders.

According to the above resolution,
the Conversion Price of the Bonds
after giving effect to the aforesaid
free distribution of share will be
adjusted. Notice is hereby given
pursuant to Condition 5 (1) of the
Terms and Conditions of the
Bonds and Clause 7 (B) of the Trust
Deed dated 30th August, 1987
between the Bank and Bankers
Trustee Company Limited as
follows:

Previous conversion price: ¥1,381.00
New conversion price: ¥1,314.40

Since the record date will be the 31st
of March, 1990, the new price will
take effect on the 1st day of April,
1990.

The Kyowa Bank, Ltd.
London Branch
as Principal Paying Agent

Dated this 8th day of March 1990.

Lowell White Durrant of
73 Chancery Lane
London EC2M 4ER

Solicitors for the above-named Company

Commercial Property
advertising appears
every Friday

To advertise in this
section,
Please contact

Tessa Taylor
01-873 3211

Edward Batt
01-873 4196

Peter Shield
01-873 3284

Catrina Jamieson
01-873 3577

LEGAL NOTICES

NO. 20 OF 1989

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF UNISTRUT EUROPE PLC
and
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the order of
the High Court of Justice (Chancery Division)
dated 28th day of January, 1990 confirming
the cancellation of the share premium
account of the above-named Company in the
sum of £7,111,845 was registered by the
Registrar of Companies on 19th February,
1990.

Dated this 8th day of March 1990.

Lowell White Durrant of
73 Chancery Lane
London EC2M 4ER

Solicitors for the above-named Company

Arts Week

F | Sa | Su | M | Tu | W | Th
9 | 10 | 11 | 12 | 13 | 14 | 15

OPERA AND BALLET

London

Royal Opera, Covent Garden: the long-awaited new production of Strauss's *Elektra* is by Götz Friedrich, and is a particular triumph for Eva Martin in the title role and the conductor, Georg Solti. Further performances of *Otello*, English National Opera, Coliseum: David Pountney's witty, sharp-edged production of Prokofiev's *The Gambler* is revived with Graham Clark once again in the leading role and the conductor is Sian Edwards. Also in repertoire: Pountney's polemical (and problematic) *Traviata* production, with Helen Field in the title role and Alan Ogie in Edmund Germann as the Germann; and *The Mikado* in Jonathan Miller's celebrated "white-hot" re-working.

Paris

Théâtre des Champs Elysées: *Borodine's La Princesse Igor* in a new production by Warsaw's Teatr Wielki (47203637). Opéra Comique: Mozart's *Idomeneo*.

THEATRE

London

Anything Goes (Princes Edward). Cole Porter's slyly ocean-going 1930s musical has four or five marvellous songs and Elaine Paige failing to emulate Ethel Merman. Jerry Zaks's desperately bright production comes from the Lincoln Center in New York and is undemanding fare (734 8651, or 836 2428). Jeffrey Bernard is Unwell (Apollo). Final performances by Peter O'Toole as an alcoholic journalist who embodies a Falstaffian, nay-saying life force while committing public suicide by vodka. Keith Waterhouse has stitched a fine play, the season's highlight, from Bernard's own writing. Ned Gurrin directs. Tom Cunniff takes over on March 5 (437 2653). Another Time (Wyndham's). New Ronald Harwood play, directed by British Woodstock, about a white South African family in Cape Town and Maida Vale. Albert Finney plays father and concert pianist son across 35 years, suggesting that talent is a means of escape and a reason for not going back. Janet Suzman and Sara Kestelman are electrifying in support (867 1116). Aspects of Love (Prince of

Wales). Andrew Lloyd Webber's latest is an intimate chamber opera derived from David Garnett's 1956 novella. Musically interesting and well directed by Trevor Nunn, a cast of unknowns project the right sense of sly, unassuming. A probable, but unimpressive, hit (539 5972).

Brussels

Cirque Royal. Ballets de Monte-Carlo in *The Lessee's* are *Fading* choreographed by Anthony Tudor and *Gaite Parisienne* choreographed by Leonide Massine (Fri, Sat). Théâtre Royal de la Monnaie. The Monnaie Opera in Mozart's *Die Entführung aus dem Serail*, co-production with the Vienna State Opera staged by Ursel and Karl-Ernst Herrmann, conducted by Emil Tjekarov (Sun).

Vienna

Staatsoper. *Eugen Onegin* by Tchaikovsky. *Andrea Chénier* by Umberto Giordano. *Die Zauberflöte* by Mozart. *L'italiana in Algeri* by Rossini. Ballet: *La Sylphide* by Loewenskiöld, choreography by Peter Schaufuss. Volksoper. *Eine Nacht in Venedig* by Johann Strauss. *Die Csárdásfürstin* by Emmerich Kalman. *Der Zigeunerbaron* by Johann Strauss. *Wiener Blut* by Johann Strauss. *Die Lustige Witwe* by Franz Lehár. *Die Fledermaus* by Johann Strauss. *Die Fledermaus* by Johann Strauss. *Die Fledermaus* by Johann Strauss.

Milan

Teatro Alla Scala. Riccardo Muti conducts Mozart's *La Clemenza di Tito*, with Cheryl Studer, Susanne Mentzer, Ann Murray, Giorgio Surjan and Goesta Win-

berg (Fri, Sun, Tues and Thurs). (80.91.26)

Rome

Teatro dell'Opera. Alberto Fassini's production of Massenet's *Werther*, conducted by Nicola Rescigno, with Martha Senn and Alfredo Kraus (Sat, Tues). (46.17.55). Teatro Argentina. The Riga Opera Ballet in an animated and elegantly-danced production of the *Sleeping Beauty*, from which the second act is inexplicably missing (Fri) and *Suez Lake* (Sat, Sun) (56.44.01).

Bologna

Teatro Comunale. Wagner's *Siegfried*, conducted by Peter Schneider, with Ute Vinzing, Wolfgang Fassler and Kurt Rydl (sung in German) (Fri, Sun and Tues) (52.99.99).

Paris

Teatro Regio. Claude d'Anna's production of Verdi's *Ernani* conducted by Hubert Soudant, with Chris Merritt in the title role, Renato Bruson as Don Carlo and Leona Mitchell alternating with Maria Fassi and Silvia (Tues and Thurs) (96.67.67).

Madrid

Teatro Lirico Nacional in Zarzuela. *El Vagabundo* has its world premiere this week. It is a contemporary opera with music by Luis de Pablo.

Berlin

Opera. Mara Zampieri repeats her much-praised performance in the title role in *Das Mädchen aus der Wälder*. The *Musik Feste* features Elie Hob-

bergh (Fri, Sun, Tues and Thurs). (80.91.26)

Hamburg

Opera. The Ballet *Romeo & Juliet* has wonderful John Neumeier choreography. John Dew, the producer of Wolfgang Rihm's opera *Hamletmaschine* made some changes of the revised version, to catch up with the political changes in Germany. The cast includes June Card, Richard Salter, Susanne Otto, Carmen Fugles and Renato Bruson. *Tristan* has Leona Mitchell in the title role, Giacomo Aragall (Cavaradossi) and Ewald Tunnigian (Scuria).

Cologne

Opera. *Salome* conducted by Cologne's music director James Conlon with Stephanie Sundby, outstanding in the title role. *La Finta Giardiniera* is well sung by Teresa Ringholz, David Griffin, Janice Hall, Daria Brooks, Andrea Andonian and John in *Plaza*.

Frankfurt

Opera. Johannes Schaefer made a very successful opera debut as producer of *Schostakovich's Die Nose*. The main parts are well sung by Alan Titus, Rod Schwanbeck, Dieter Bundeck and conducted by Oleg Castan.

Munich

Opera. *Der Freischütz* is a well

done repertoire performance with Walter Raffeiner, Julie Kaufmann and Alfred Kuhn. *Le Nozze di Figaro*, conducted by Bernhard Klee features Jeanne Pflanz, Gudrun Wewers, Hans Helm, Alan Titus and Alfred Kuhn. *Arabella* stars Gertrude Jahn, Lucia Popp, Julie Kaufmann and Peter Seifert.

New York

Marcelo Simon Dance Company. This great contemporary company has achieved its own classic status as shown in programs that remain exciting despite their familiarity. Ends March 25. City Centre (981 7907). Metropolitan Opera. Franco Zeffirelli's production of *Otello* with Kalia Rinaldi as Desdemona, Plácido Domingo as Otello and Barry McManis as Cassio. Performances continue of James Levine conducting *Die Entführung aus dem Serail* in John Dexter's production with Mariella Pava, Barbara Kishoff and Gosta Winberg. Gian Carlo Menotti's production of *Manon Lescaut* conducted by Thomas Fulton features Mariella Pava, Peter Dvornik and Rolo Tajo. Harold Prince's production of *Flaet* conducted by Charles Dutoit, continues. Lincoln Center Opera House (981 8000).

Washington

Washington Opera. In its last week, Zack Brown's production of *Die Fledermaus*, conducted by John Lanchberry, includes the first performance of the new *Tracy Dahl* as Adele and Robert Orth as Gabriel von Eisenstein. Adas continues. (467 4600).

Tokyo

Kabuki. At the National Theatre. *Yakushiji* is an action-packed low-life drama about a serving man who turns to drink and crime (265 7411). At Kabuki-za there are two musical programs at 11am and 4.30pm, starring mainly younger actors, including the famous Omagata Tamasaburo. One oddity is a musical play written by Yukio Mishima, performed to mark the 20th anniversary of his death. Both theatres have excellent brochure guides in English as well as English-language programs. (641 3131).

Chicago

The Pity She's a Whore (Goodman). Jo Anne Akalaitis of the Mabou Mines troupe directs John Ford's classic about incest, set here in Italy of the 1980s and starring Lauren Tom as Anna-hella and Jesse Borrego as Giovanni. Ends April 7. (443 3800). *Steel Magnolias* (Royal George). Ann Francis and Maria Rodd play the leads in this view of southern life from under the dryers in a busy hardworking establishment (988 9000). *I'm Not Rappaport* (Grier St). Shelley Berman, one-time stand-up comic, now plays Nat, Herb Gardner's memorable Central Park character who goes his way through the 1986 Tony Award winner (348 4000).

EXHIBITIONS

London

The Tate Gallery. The entire permanent collection has been relined so that the visitor may now take a natural circuit through the newly restored galleries, from 16th century British painting through to the most recent modern international art. It is a curatorial triumph. The Barbican. Scottish Art Since 1900 - a brisk and effective celebration of what has always been a most vigorous and distinctive national school, yet one which has for too long been not so much under-estimated as under-looked in the southern Kingdom. Daily until April 16. The Royal Academy. Frans Hals - the great retrospective, already shown in Washington and due to go on to Harlem, of the work of one of the greatest painters of the 17th century Dutch school. Until April 6.

Paris

Institut du Monde Arabe. Egypt. An exhibition of 26 chief-d'oeuvres, including the most recent finds, starts with statues and bas-reliefs dating from the middle-empire, continues with a golden crown of a high priest of Osiris with some elements of Roman art and Coptic icons and concludes with Islamic exhibits. 1, rue des Fossés Saint-Bernard (closed Mon). Ends March 18 (40513858). Centre Georges Pompidou. Pavel Nikolevich Filonov. A solitary figure of the Russian avant-garde, he refutes cubism and futurism as contrary to nature and art - organic development. Closed Tues, ends April 30 (4771223). Musée Carnavalet. Antique bric-a-brac. Some 400 statues bring to life the Gallo-Roman world up to the 6th century. They are grouped in glass cases around a divinity surrounded by objects of the appropriate cult. Closed Mon, ends July 1 (47722113).

Brussels

Archives Générales du Royaume. Grand Salon, commemorates Belgium's 100th anniversary of independence from the Austrian Empire and the subsequent power struggle between France and Austria for control of Belgium. Daily, closed Sunday, ends 31 March. Musée Royal d'Art et d'Histoire. The 18th century of the islands is partially depicted in this exhibition of photographs and artifacts. Closed Monday, ends April 29.

Oslo

Museum Vor Schone Kunst. Finnish Expressionism in a European Context (1900-1930) with works by De Smet, Ernst, Persson, Van den Bergh and Zedine. Closed Monday, ends June 10. Museum van Hedendaagse Kunst. German wood-cuts of the

20th century. Closed Monday, ends March 18.

Antwerp

Koninklijk Museum voor Schone Kunsten. Belgian Painters of Country Life. Closed Monday, ends April 22. Provinciaal Museum Voor Fotografie. Works of the British 19th century photographer William Henry Fox Talbot. Closed Monday ends April 1.

Venice

Palazzo Grassi. Andy Warhol Retrospective. Until May 27.

Milan

Castello Sforzesco. Henry Moore retrospective. 49 sculptures covering the years 1938-1983. Ends March 25.

Rome

Villa Medici. Self portraits from the Uffizi - from Andrea del Sarto to Chagall. Thirty works from the collection started by Cardinal Leopoldo de Medici in the 17th century, marking changes in style and taste over 300 years. Until April 15th.

Madrid

Centro de Arte Reina Sofia. Antonio Goya. 70 works by the Spanish artist painted between 1788 and 1808. The exhibition focuses on four themes: Ladies, Caricatures, Goya's dogs and portraits. Ends March 19. Fundación Juan March. Ian Woodcock collection of works by Odilon Redon. A very complete exhibition consisting of some 100 works in various media, illustrating the different aspects of the French symbolist painter's work. Ends April 1. Museo del Prado. Following the highly successful Velázquez exhibition at the Metropolitan, the Prado is now host to the largest show to date of works by the great 17th century artist. Ends March 15.

Barcelona

Palacio Tinel. Baroque Painting in the Mediterranean. The 16th-century Spanish painting brings together 17th-century works belonging to Spain and Italy. Velázquez, Murillo, Rubens, Van Dyck, Claudio Coello, Tiziano, Cavallo are but some of the great artists whose works can be admired. Ends March 30. Museo Picasso. Cubist works belonging to the National Gallery of Prague - Kramer Collection. The show includes 17 paintings by Picasso together with an important selection of works by Czech and French artists. Ends April 29.

Berlin

Staatliche Kunsthalle. Budapest Strasse 42: Laszlo Segal. 1881-1957 around 250 paintings, drawings, sculptures and graphics of the Brazilian painter, born in Wilma, are to be exhibited until April 20.

Mainz

Landesmuseum. Marc Chagall (1894-1985), who died in 1985 was one of the most popular artists of the 20th century. Around 100 of his works, not shown in public before are to be only seen in Mainz until April 22. The gouaches, water-colours, pastels and paintings present themes of the old testament.

Vienna

Kunstforum. Works by the Romantics, ranging from Caspar David Friedrich to Adolph Menzel. Museum fuer Volkskunde has a marvellously exotic exhibition called Jemen, focusing on the world around the Queen of Sheba. Ends June 10.

New York

New York Public Library. More than 125 documents of the Abolitionist Movement, including photographs, letters and rare books, display the spirit and drive of the long effort to free the slaves. Ends Sept 15. Museum of Modern Art. In its serious, thorough way the museum gives its version of the history of photography, showing off earlier image-developing techniques along with 275 photographs. Ends May 29.

Washington

National Gallery. Highlighting this decade's renewed interest in printmaking in America, the 100 prints comprise a special exhibit borrowed from the collection of Joshua P. Smith, among them works from major contemporary artists including Jasper Johns, Richard Diebenkorn and Alex Katz. Ends April 8.

Chicago

Chicago Historical Society. The Land of Lincoln does its most famous citizen proud in the exhibition *A House Divided*. America in the Age of Lincoln, with documents, photographs and personal effects of the Great Emancipator, Art Institute. Yoruba art covering 900 years is the subject of this ambitious exhibition, which traces the Nigerian tribe's views of the origins of the universe in the 12th century to the carvings of contemporary artist Olowe of Ise. Ends April 1.

Tokyo

Teien Museum. German Romantics. Loan exhibition from Düsseldorf - stronger on mid-19th century academic painters than on visionaries such as Friedrich Schlegel. This museum is a former palace and has a superb art deco interior and a pleasant garden for strolling in. Closed Wednesday. Kamata Museum. Ceramics of Japan. Second part of a comprehensive exhibition devoted to major pieces from the museum's own vast collection. Japan Folk Crafts Museum. Woodblock prints by Shiko Munakata.

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DEUTSCHE MESSE AG, HANNOVER

TRANSPORT LINKS WITH THE CONTINENT

The Financial Times proposes to publish this survey on:

5th April 1990

For a full editorial synopsis and advertisement details, please contact:

Neville Woodcock on 01-873 3365

or write to him at:

Number One Southwark Bridge London SE1 9HL

FINANCIAL TIMES

THE FUJI BANK, LIMITED

NOTICE TO HOLDERS OF

US\$100,000,000

2 1/4 per cent. Convertible Bonds 2000

Pursuant to Clause 6(1) of the Trust Deed for the Bonds, notice is hereby given as follows:
At the meeting of the Board of Directors of the Bank held on 23rd February, 1990, resolution was adopted on the issue of new shares by free distribution as set out below:

1. The free distribution will be made to the shareholders of record as of 31st March, 1990 Tokyo Time (the record date) at the rate of five one hundredths (0.05) share of each one (1) share; provided that any fractional new shares resulting from the allotment will be sold by the Bank and the proceeds thereof will be distributed to the shareholders according to their fractional shares.

2. The free distribution will become effective on 18th May, 1990.
Pursuant to Clause 6(1) of the Trust Deed for the Bonds, the conversion price of the Bonds will be adjusted, effective as from 1st April, 1990 Tokyo Time, as follows:

Conversion Price before adjustment: ¥1,465.60
Conversion Price after adjustment: ¥1,395.80

5th March, 1990

US\$200,000,000

1 1/4 per cent. Convertible Bonds 2002

Pursuant to Clause 6(1) of the Trust Deed for the Bonds, notice is hereby given as follows:
At the meeting of the Board of Directors of the Bank held on 23rd February, 1990, resolution was adopted on the issue of new shares by free distribution as set out below:

1. The free distribution will be made to the shareholders of record as of 31st March, 1990 Tokyo Time (the record date) at the rate of five one hundredths (0.05) share of each one (1) share; provided that any fractional new shares resulting from the allotment will be sold by the Bank and the proceeds thereof will be distributed to the shareholders according to their fractional shares.

2. The free distribution will become effective on 18th May, 1990.
Pursuant to Clause 6(1) of the Trust Deed for the Bonds, the conversion price of the Bonds will be adjusted, effective as from 1st April, 1990 Tokyo Time, as follows:

Conversion Price before adjustment: ¥3,075.90
Conversion Price after adjustment: ¥2,922.30

The Fuji Bank, Limited
5-5, Oomachi 1-chome
Chiyoda-ku, Tokyo, Japan

Business and Investment in Eastern Europe and the USSR

Two major international conferences will be held on this topic: March 22-23 at the Wilton House-Continental in Washington, D.C.; and April 5-6 at the May Fair Inter-Continental in London. First day includes a reception and dinner; second day, the USSR will hold a reception for conference-goers.

Speakers include: H.E. Yuriy Dubinin, Soviet Ambassador to the U.S.; Dr. Janos Martonyi, State Comm'r for Privatization, Hungary; Mr. Z. Piotrowski, President, Polish Foreign Investment Agency; Lev Weinberg, Chairman, USSR JV Assoc.; Dmitri Perzin, USSR Ministry of Foreign Affairs; Mr. Barry Samojlik, former Minister of Finance, Poland; Mr. Eugene Larf, World Bank; Dr. Istvan Tompó, Deputy Minister of Finance, Hungary; Janus Kaczurba, Undersecretary of State, Ministry of Foreign Trade, Poland; Dr. Filippo Lombardo, Mg. Dr., Presindustria SpA; Peter Rona, Pres. and CEO, IBI Schroder; and 20 more government, financial and business experts.

Sponsors: Morgan Grenfell; Inter-Continental Hotels; Jones Day, Reevs & Pogue; Brown Univ. Ctr. for Foreign Policy Development; and International Executive Reports.

For information, contact Mary Saba, conference coordinator, phone (in US) (301) 963-3149; Fax (202) 628-6616; telex 440462 MEER U; address 7709 Laurel Leaf Drive, Potomac, MD 20854 USA.

FIDELITY SPECIAL GROWTH FUND

Société d'Investissement à Capital Variable

5, boulevard de la Foire, Luxembourg

R.C. Luxembourg B20995

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of the Shareholders of FIDELITY SPECIAL GROWTH FUND, a Société d'Investissement à Capital Variable organized under the laws of the Grand Duchy of Luxembourg (the "Fund"), will be held at the principal office of the Fund, 5, boulevard de la Foire, Luxembourg, at 11.00 a.m. on March 29, 1990, specifically, but without limitation, for the following purposes:

1. Presentation of the Report of the Board of Directors.
2. Presentation of the Report of the Auditor.
3. Approval of the balance sheet and income statement for the fiscal year ended November 30, 1989.
4. Discharge of the Board of Directors and the Auditor.
5. Election of six (6) Directors, specifically the reelection of the following six (6) present Directors: Messrs. Edward C. Johnson 3d, Charles A. Franks, Jean Hamillius, John M.S. Patton, Harry G.A. Segersma and H.F. van den Hoven, being all of the present Directors except William L. Byrnes who by reason of his retirement does not offer himself for reelection. The Fund notes with regret the recent death of its esteemed Director, Haniaki Kurokawa.
6. Election of the Auditor, specifically the election of Coopers & Lybrand, Luxembourg.
7. Declaration of a cash dividend in respect of the fiscal year ended November 30, 1989.
8. Consideration of such other business as may properly come before the meeting.

Approval of the above items of the agenda will require the affirmative vote of a majority of the shares present or represented at the Meeting with no minimum number of shares present or represented in order to be present. Subject to the limitations imposed by the Articles of Incorporation of the Fund with regard to ownership of shares which constitute in the aggregate more than three percent (3%) of the outstanding shares of the Fund, each share is entitled to one vote. A shareholder may act at any meeting by proxy.

Dated: February 20, 1990

By order of the Board of Directors

ARTS

Rambert Dance

SADLER'S WELLS

Against a magenta backdrop Amanda Britton makes an opening incantation of long, lean shapes, curving, posing, moving elegantly about her - and Merce Cunningham's - business in *Doubles*. She is today's quintessential Rambert danseuse, just as in Rambert's earlier years a similarly elegant and significant artist, Maudie Lloyd, showed how distinction of manner could reveal the intensities of Antony Tudor's ballets.

The intensities that Amanda Britton proposes are those of Cunningham's latest choreographic structure, which opened Rambert Dance Company's season on Wednesday night. And he is said to be one of the most important figures in the world of dance. Four women, three men, are involved in a series of dance equations that balance with minutest care the relative weights of serene and ebullient action, the pleasure of physical contrast and second. Against the music, twirlings of Takekisa Koguchi's score, which sounds like an aviary full of neurotic starlings, the cast are by turns contemplative (two girls, like identical twins, tread delicately) or boundingly energetic (the springing Colin Poole, a well come recruit to the company). The piece is finest Cunningham, danced with entire understanding, so that we savour the rich meanings - about textures and values of movement - that can be generated by non-narrative choreography.

The other American choreography in this programme, Trisha Brown's *Opal Loop* fared less well. It is already a period piece, albeit only ten years old. Things move fast in the post-modern lane - and its view of four performers doing their own thing is now a cliché of the new dance. It looked less con-

trasted than when it was staged for Rambert a year ago, as if some vital awareness between the members of the cast - a tension which came from needing to time incident exactly without the benefit of a score - had been lost through familiarity with the Trisha Brown's procedures and her rather thin invention.

Pulau Dewata, Richard Alston's Balinese excursion, made last year, which is paired with *Opal Loop*, seems to have gained in power. Three couples are caught up in ritualistic encounters amid Peter Mumford's stunning lighting (a dark blue cocoon for the action), and the exotism of Claude Vivier's score are reflected without being sped in Alston's cryptic, succinct dances. It is not, thank heavens, ethnography, but it speaks aptly of its locale.

And to close the evening, Ashley Page's *Soldat*, and the dangle of primary colours in Bruce Maclean's design. Here is a work couched in terms of the most artful naivety in step, score and decoration, and it is to Page's credit that he maintains this folk-like innocence while making sophisticated comment upon character and incident. Paul Old, Gary Lambert and Amanda Britton, as Soldier, Devil and Princess, play with splendid economy and clarity. Old's simplicity and Lambert's quick reflexes, and the way he swings on a step, Britton's delicate ambiguity of style, all bring a dramatic savour to the tale - like the Maclean design - without destroying its formal coolness. And the Stravinsky score is very well played by the Mercury Ensemble.

Clement Crisp Amanda Britton and Colin Poole in "Doubles"



Mother teaching her child to write: red chalk, by Jacopo Palma il Giovane

Palma Giovane in Venice

The posthumous reputation of Jacopo Palma il Giovane (1544-1628) rests on two achievements, one good, one bad. The first is his moving description of the aged Titian's method of painting, often using his fingers in place of brushes; the second his addition of an angel to the master's final, unfinished *Pieta*, which all but manages to ruin it.

Not even his best friends could have regarded the wearyingly prolific Palma Giovane as a great artist. It is hard to find a church in Venice lacking one of his pictures, in the main gloomy and creaking sub-Tintoretto works that mark the demise of Venetian renaissance painting. Similarly, no Christie's or Sotheby's drawings sale is complete without one of his vacuous formulaic scribbles. Under the circumstances, an exhibition given over to him - even in the loyal Serenissima - may well sound like a carnival prank.

Not so. The reason d'être of the show at the Museo Correr (until April 29) is the museum's recent acquisition of one of the two albums of Palma drawings that belonged to the great 18th century collector and engraver, Antonio Maria Zanetti (the other is in the British Museum). Now exhibited for the first time, it is accompanied by a judicious selection of paintings. These concentrate on Palma as a purveyor of biblical and mythological erotica, and as a portraitist. He can manage quite a good line in the former, with slightly uniform large ladies impersonating the victims

(Bathsheba, Susanna) and the viragos (Jael, Judith, Delilah) of the Old Testament, not to mention Venus herself. The goddess is caught embracing Cupid while her bandy-legged smith of a husband, Vulcan, tends his forge in the background, or helped by Cupid in her finished and frantic hurry to undress Mars. This latter canvas usually languishes in the depths of the National Gallery, and arguably deserves a better fate.

The venerable old men of the portraits look alarmingly like Susanna's pursuers, and for all their subfusc colouring, they are acutely observed. The high point is the likeness of a collector, probably Bartolomeo della Nave (City art gallery, Birmingham), once not unreasonably attributed to Annibale Carracci, and certainly worthy of him. In the portrait he is accompanied by various ancient and modern sculptures, and in the show he is flanked by two of them, the best identified as the Emperor Vitellius which obsessed a generation of Venetian painters, and Alessandro Vittoria's Saint Sebastian/Marysae.

Turning to the drawings, there are admittedly a number of individual sheets of notable dexterity, but the cumulative effect is oddly absorbing and even impressive. Palma Giovane was at the crossroads between renaissance and baroque. At times the fluency of his pen harks back to Parmigianino, whose drawings he certainly knew, not least through those in the "libretto" belonging to Vittoria. At others

he looks forward to Guercino, as in the drawing illustrated above. We know that Guercino was presented to Palma Giovane in 1615, and that his work impressed the old man. Both the casual observation, and the feathery handling of the red chalk in this sheet strongly suggest that Guercino took the opportunity to look closely at the best of what Palma the draughtsman had to offer.

The best of Palma Giovane the painter is to be found in the Oratorio del Crocifisso, opposite the Gesuiti, and well worth a detour when paying homage to Titian's stupendous Saint Lawrence there. The oratory is normally only open in the summer months, but may be visited on Saturday mornings for the duration of the exhibition. Finally, as for the catalogue, it is generally excellent, except that a dealer's picture, on show at the Galerie Pardo last summer, now purports to be part of the "Pardo Collection".

Yet more opulent Venetian beauties, notably two Paris Bordones from as far afield as Gothenburg; and Dubrovnik, are on view at Condusse's Palazzo Vendramin-Calergi (until April 16), where Wagner died. Since it now houses the Venice Casino, it makes an appropriate lounge setting for a predominantly historical - and utterly intriguing - exhibition on the Courtesans of Venice, in which paintings are combined with renaissance underwear, treatises on the pox, and much more besides.

David Ekserdjian

Aldeburgh gala

BARBICAN HALL

The gala concert on Wednesday, attended by the Queen and Prince Philip, was in aid of the Britten-Pears School. It was given, naturally, by Aldeburgh musicians, the school's own orchestra (conducted by Tamás Vassary), and such distinguished soloists as Ileana Cotrubas (singing the Mozart concert aria "Chio mi scordi di te?"), Anthony Rolfe Johnson (singing the Britten Serenade) and Rostropovich (playing the Chaikovsky *Rococo Variations*), all three of them closely connected with the school.

It was an evening of pleasant, unimpeachable, of a kind which one associates with the Snape Maltings (rather indeed, than with the Barbican), and which made amends for a slightly soggy

Schubert Fifth Symphony as concert-opener. The "news" of the concert, however, was provided by the first performance of the opening movement from Britten's unfinished clarinet concerto (1943-3).

This was inspired by, and intended for, Benny Goodman, whom Britten learnt to admire during his own period of American exile. A fine single bearing of this movement, orchestrated from sketches by Colin Matthews - one is left in no doubt that the impact made by player on composer was powerful. For what survives of the work is deliciously bright and ebullient, bowling along with heady energy, and leaving behind a strong regret that force of circumstances interrupted the project.

The mood is set by the bus-

tie of B flat major, and by the easy virtuosity with which Britten throws in harmonic surprises along the way, with the legendary of a good conjurer - there is in this an extraordinary forest of *A Midsummer Night's Dream*. Add to this the Prokofiev-like brilliance of the clarinet writing (delivered by the excellent Michael Collins with all his wonted wit and flair), and you gain an overriding impression of originality, brilliance, and high good humour - a rare Britten combination.

In the nature of things this movement is fated to remain an occasional piece. It seems to me, even so, one of the happiest of the many recent Britten recoveries and rediscoveries.

Max Loppert

New Anatomies

MAN IN THE MOON

Isabelle Eberhardt was born into a Russian family but raised in Switzerland. The most intriguing elements in Timberlake Wertenbaker's 1981 play, enjoying its British premiere in the pub theatre at the wrong end of the King's Road, are the glimpses we get of her childhood: the flutty mother whose father was a hopeless speech patterns teacher on the edge of breakdown; the dreamy, delicate and despised brother; the practical sister who marries into the disapproving Swiss psychology; self-realisation through role playing. For Eberhardt, in the tradition of Lady Hester Stanhope and

others both English and French, took a shine to the desert, dressed as an Arab male, and went off to Algeria to seek wisdom among the nomads.

Readers of Lesley Blanch's *The Wilder Shores of Love* will be disappointed in the protagonist's relative plainness. No desiring romance here; indeed, very little except sullen truculence once the heroine is up against the French colonial powers or the odd fanatic Moslem. The character is hardly developed, and a young woman who shocks a polite salon by spelling out the sexual pleasure derived from passing

as a boy in Arab company seems an odd sort of icon for early feminism.

Costumes, lighting and production all manage the picturesque canvas rather well in the cramped conditions. Leona Helmfield's direction does not entirely smooth over rough patches in the performance, but on sympathises with a young actress in false moustache having to utter, in the person of a French army officer, lines like "You've become a legend in the legion... You remind me of a deliciously unbroken young filly." Helen Braunholtz shows a promising Fiona Shaw-like approach, notably as

Isabelle's retiring brother-turned-colonialist and a lesbian journalist. Hollie Garrett's Julie Christie profile merits a more fully-written character. Squatting in the desert for a meticulous sand-wash, she evokes more atmosphere than the writing. Her whirling dance with a red cloth is a shrewdly stylised depiction of Isabelle's death in a freak flood in the desert: the just if complicated fate awaiting that portion of the world's population that prefers being sodomised by Berbers to living in Switzerland.

Martin Hoyle

Some Confusions

ICA THEATRE

Some Confusions in the Law About the latest show by Forced Entertainment Theatre Co-operative, is about the banalities of drugs and drink and sex and rock and roll.

Through it lasts only about an hour and a quarter, there are long passages of numbness when brain-death looms large and one recalls in dread the slogan on the current drug-warning posters: "The effect can last forever." A programme note warns you that "Bad language may offend." Four-letter words and sex slang abound, it's true, but in the context of all the other banalities that is a kind of badness you should be grateful for.

It means its banalities - I guess, I hope - to be funny; and once in an age it succeeds. But... there are times when it is too embarrassing to review, one can only mutter. If you wish to measure the inaccuracy in the following, you may do so at the ICA until March 21.

The following conversation

between three people is to be spoken to a druggy drum.

After drink and drugs and sex and rock and roll, what's left?

Well, we can always spend time wondering which we enjoyed most, can't we?

Let's try talking about Elvis. (Enter two people in skeleton costumes. More drumming.)

The sight of the moon, no, the sight of the chartered plane has rekindled my love for you, Sue.

I'm sorry, Sir Gerald.

What misery is ours, Sue, now as we look out over Kyoto.

Oh dear, Sir Gerald, this is the price we have to pay for living instead of dying in the car accident we faked.

(And so on. Later, these skeletal depressives leave the other three depressives to themselves.)

I don't think they were Presley.

Oh, he's here. He's trying to speak through me.

I've been wandering in, the rain.

That was Mr. Presley. He's gone now.

(On veiled video screens to right and left, the heads of a man and woman appear. More drumming.)

The first star, Dolores, is called Cassiopeia.

Yes, Mike, and it's known as a star for failed lovers.

(The three mortals - one male, one female - leave and come back covered in talc, as if ghosts. They discuss their fate.)

I thought this would happen. Yeah, when we get a booking for a gig, it's in a really dowdy town like this.

(The two women don huge fake breasts, the man strays on a dildo.)

Let's talk about love.

The best kinds of love are based on money or political gain. That way you can be sure things will come out right.

(Surely some mistake here? Ed.)

(No, honest, guv, you go see for yourself.)

Alastair Macaulay



Ella Fitzgerald

Ella Fitzgerald

ALBERT HALL

The old lady was carefully supported on to her stool. She stared myopically around the vast auditorium. The audience collectively suspended criticism in favour of respect for the past - and then got the shock of their life. Ella Fitzgerald, rising 72, launched into a version of "Too Close for Comfort" with as much verve and attack as a Spitfire.

She is really quite remarkable. While fellow septuagenarians, like Frank Sinatra and Dean Martin, duck the high notes and coast through their standards, Ella Fitzgerald delights in up-tempo songs and positively relishes top notes, scat and vocal gymnastics. She might hesitate over the name of her drummer (Roy McCurdy) and forget the intro to "Lady is a Tramp," but, apart from a loss of resonance in the lower register, Ella Fitzgerald is singing as powerfully and as sweetly as ever.

Having the backing of a Count Basie band, blowing well even without the Count, and her own trio, obviously helped. But as classic standard followed classic standard, with no faltering and perfect phrasing, you could relax and enjoy it would have preferred more of the slow romantic ballads, but with everything from "Honey-Suckle Rose" to "God Bless the Child," via the Beatles "Can't Find Me Love" this was vintage Ella, a memorable evening, and a propitious start to London's new 24 hour jazz station, the reason for this rare and rousing visit.

A quick mention for the Tommy Smith Quartet who opened the show in fine style and for the Basie Orchestra, which also raised the spirits before the arrival of the great

lady.

Two nights earlier on the same stage Ella Crawford, a lesbian journalist, sent the later generation of black singers, into soul music rather than jazz, into personality rather than character. Supported by a solid band of Scandinavians, not generally reckoned to be the most soulful of races, Randy giggled her way through her classics like "One day I'll fly away," and only looked serious when plugging the material on her latest album "Rich and Poor."

You can hardly fault her voice - it's liquid gold - but like Dionne Warwick a few days earlier she sold her fans short. Both ladies are going through the motions, touring to promote records, and scarcely aware of the customers. They run through their sets and are away in little over an hour. This total unwillingness to respond to the needs and the affection of their audiences would not be quite so irritating if they did not blather on about how wonderful it was to be in London and what absolutely amazing people we were. If they are having such a good time on stage there really is no need to pull the plug so abruptly and so blatantly.

Antony Thornecroft

ARTS GUIDE

MUSIC

London

The London Philharmonic, conducted by Claudio Roldán, plays Schubert, Prokofiev, Brahms (Sun). Royal Festival Hall (828 8800).
Museum Conservatoire Orchestra, conducted by Leonid Nikolaev. Russian and Italian opera: Musorgsky, Korakov, Borodin (Mon). Scala's Philharmonic Orchestra conducted by Carlo Maria Giulini. Schubert, Brahms (Mon). Théâtre des Champs Elysées (47203637).
Essence Orchestra of Paris' soloists: Mozart, Haydn, Schubert (Tue). Barbican Hall (838 8891).

London Symphony Orchestra, conducted by Vladimir Rostropovich. Paul Edmund-Davies (flute) and Olan Ellis (harp). Shostakovich, Mozart (Thurs). Barbican Hall (838 8891).

Paris
Paris Opéra (Mon). Salle Gaveau (46520303).
Scala's Philharmonic Orchestra conducted by Carlo Maria Giulini. Schubert, Brahms (Mon). Théâtre des Champs Elysées (47203637).
Essence Orchestra of Paris' soloists: Mozart, Haydn, Schubert (Tue). Barbican Hall (838 8891).

ert. Beethoven (Tues). Auditorio Nacional de Música (838 8891).

Dmitri Shostakovich, Pavel Gililov, Janacek, Schoenberg, Strauss, Schubert (Wed). Salle Pleyel (46520303).

Orchestra de Paris conducted by Semyon Bychkov with the Paris Orchestra's choir conducted by Arthur Oldham. Stravinsky, Rachmaninov (Wed, Thurs). Salle Pleyel (46520303).

Chamber Orchestra from Riga conducted by Tõni Lehtsaare. Lazar Bernheim (piano). Durutte, Vivaldi, Bach, Dvorak, Stravinsky (Thurs). Auditorio Nacional de Música (838 8891).

Brahms (Mon). Teatro Alla Scala (838 8891).

Glenn Gould State Orchestra conducted by violinist Liana Isenak. Strauss, Schubert (Wed). Salle Pleyel (46520303).

Orchestra de Paris conducted by Semyon Bychkov with the Paris Orchestra's choir conducted by Arthur Oldham. Stravinsky, Rachmaninov (Wed, Thurs). Salle Pleyel (46520303).

Chamber Orchestra from Riga conducted by Tõni Lehtsaare. Lazar Bernheim (piano). Durutte, Vivaldi, Bach, Dvorak, Stravinsky (Thurs). Auditorio Nacional de Música (838 8891).

Vienna
Vienna is host to two music festivals: Haydn Tage and the Vienna Festival. Tickets and information from Musikverein, Karlsplatz 8, Vienna (85 81 80). Also, Österreichische, with the spotlight on contemporary Austrian music is in full swing. Tickets and information from Wiener Festwochen, Leharplatz 11, 1080 Vienna (585 16 75).

Der Kreis Experimental Theatre performs *2+2=1*, an adaptation of Shakespeare's *Romeo and Juliet* by the young Soviet composer, Sergei Dzhazim (Tues-Sat). Russian/Tatar Ensemble Zurnal Music from the Tatars. At the Rosenfelder Concert Hall. (Fri). Wiener Symphoniker, conducted by Vladimir Neumann. Dvorak, Smetana, Beethoven. Musikverein (Sun).

Two Paganini piano recitals. Haydn, Chopin, Liszt, Scarlatti, Brahms, Scriabin. Musikverein (Wed).

Concertino. Haydn, Regor, Ravel, Brahms. Musikverein (Thurs).

Madrid
Spanish National Orchestra conducted by Victor Pablo Perez with David Golub (piano). Marco, Grieg, Rachmaninov (Fri, Sat, Sun). Auditorio Nacional de Música (837 01 00).

Maria Jose Pires, piano recital. Bach, Mozart, Schubert (Sat). Auditorio Nacional de Música (837 01 00).

Vienna Chamber Orchestra conducted by Philippe Entremont (also piano). Mozart programme (Tues, Wed). Auditorio Nacional de Música (837 01 00).

Joquin Achucarro (piano). Chopin, Brahms, Schumann (Tues). Auditorio Nacional de Música (837 01 00).

St Paul Chamber Orchestra of New York conducted by Christopher Hogwood with John Kimura (piano). Adams, Mozart, Stravinsky, Haydn (Tues). Auditorio Nacional de Música (837 01 00).

Barcelona
St Paul Chamber Orchestra of New York conducted by Christopher Hogwood, with John Kimura (piano). Adams, Mozart, Stravinsky, Haydn (Wed). Palau de la Música Catalana (80168 42).

Alexander String Quartet, with Joan Enric Lluna (clarinet). Mozart, Beethoven, Brahms (Thurs). Conservatori de Barcelona (801 68 42).

Frederic Rzewski (harpichord). Bach programme (Wed). Fundación Caja de Pensiones (317 57 57).

New York
Maurizio Pollini piano recital.

Schumann, Berg, Schoenberg, Stravinsky (Mon). Carnegie Hall. Philadelphia Orchestra conducted by Erich Leinsdorf with the Chicago String Quartet. Haydn, Dvorak, Stravinsky, Ravel (Tue). Carnegie Hall. Boston Symphony Orchestra.

Conducted by Seiji Ozawa with Anne-Sophie Mutter (violin). Bartok, Beethoven (Wed, Thurs). Carnegie Hall. (247 7800).

New York Philharmonic conducted by Klaus Tennstedt. Smetana, Dvorak, Janacek (Thurs). (874 8770).

Washington
National Symphony Orchestra conducted by Lynn Harrell. Ives, Bach (Tue); conducted by Franz Welser-Moest with Frank Peter Zimmermann (violin). Beethoven programme (Thurs). Kennedy Center Concert Hall (467 4600).

Chicago
Chicago Symphony Orchestra. Daniel Barenboim conducting with the Chicago Symphony Chorus. Prokofiev, Tchaikovsky (world premiere). Ravel (Tue); Dvorak, Beethoven (Thurs). Orchestra Hall (438 6666).

Tokyo
Tokyo Symphony Orchestra, conducted by Kim Hong Ja. Music by the Korean composer, Yun Jang. Suntory Hall (Wed) (486 8890). Bruno-Lesourd Gelber (piano). Beethoven programme. Suntory Hall.

Japan Philharmonic Orchestra, conducted by Ervin Lukacs.

GLOBAL ALPHA STRATEGY FUND SICAV

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Notes are hereby given to holders of shares in GLOBAL ALPHA STRATEGY FUND SICAV of the following:

1) Submission of Directors' report for the year to 31.12.1989.
2) Approval of the Annual Accounts for the year to 31.12.1989.
3) Discharge to Directors of their duties.
4) Purposes of dividend.
5) Statutory resolutions.

Holders of bearer shares who wish to attend at the meeting should deposit their shares at the registered office of the Company at least one business day before the meeting. Copies of the Annual meeting including financial statements will be available at the registered office 15 days before the date of the meeting.

The Annual General Meeting will be followed by an EXTRAORDINARY GENERAL MEETING of Shareholders to consider the following agenda:

1) Proposal recommended by the board to amend the Articles of Association of the Company in such manner as may be necessary to put the Company in accordance with the requirements of the Institut Mondial Luxembourg.
2) Proposal, recommended by the board, to amend the Articles of Association of the Company in such manner as may be necessary to put the Company in conformity with the EEC Directive and the Law of 30th March 1988.

Copies of the proposed changes to the Articles of Association are available in full from the Company.

V S Pritchett wins W H Smith award

V S Pritchett, critic, novelist and short story writer, has won this year's W H Smith Literary Award. Sir Victor, who is 88, received the £10,000 prize at a lunch in London yesterday.

FINANCIAL TIMES

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Democracy in Latin America

WITHIN THE next few days, first Chile and then Brazil will swear in democratically elected presidents after long periods of military rule. In Chile, General Augusto Pinochet hands over to the Christian Democrat leader, Patricio Aylwin, creating the precedent of a dictator bowing out on the verdict of the ballot box after 16 years in absolute control. In Brazil, Fernando Collor de Mello is leaving clean government and economic liberalisation takes office as the first directly elected leader in 29 years.

The change of government in both countries raises issues about the relationship between democracy and economic development. The last decade in Latin America has witnessed a clear rejection of military rule in country after country; yet so far the results of restored, or newly discovered, democracy have been disappointing, even allowing for the burdens of foreign debt and poor terms of trade.

Political leadership has proved weak, the institutional back-up has been wanting and economic management has been poor - if not disastrous. Those countries which have coped best have been either very small (Bolivia, and Uruguay) or have had authoritarian government with strong institutions, like Chile and Mexico.

Chile has been a particularly uncomfortable example. Gen Pinochet was considered a pariah for having brutally overthrown the late President Allende. At the same time he instituted far-reaching economic reforms which modernised Chilean society. After several bad mistakes, which perhaps only a dictatorship could survive, he created the basis for sustained economic growth.

Maturity

Today, with uncontestedly the best managed economy in Latin America, Chile enters its sixth consecutive year of growth. Chileans have demonstrated great maturity in the delicate transition from dictatorship to democracy. A consensus exists on the kind of society Chile should have and the discipline created by a repressive and frequently vindictive regime have begun to

disappear. Together, these elements provide a stable framework for democracy and augur well for Chile's chances of being able to break through the barrier of underdevelopment within the next decade.

Much now will depend on Gen Pinochet's own sense of history and his realisation that Chile no longer needs him. He must resist any temptation to retire from his still powerful position as commander-in-chief of the armed forces as soon as possible.

Lamentably inept

In contrast to Chile, Brazil has enjoyed civilian government since 1985 but the politicians and ruling elite have proved lamentably inept at making democracy function effectively and ensuring that the economy is properly managed. The outgoing administration of President Jose Sarney suffered all the handicaps of a transitional regime, which additionally was saddled with huge external debts and serious structural problems. But it cannot easily duck responsibility for bequeathing a demoralised society, wracked by hyperinflation. Mr Sarney's government will go down as one of the most corrupt and incompetent in Brazil's history.

Thus, while the youthful Mr Collor inherits a country whose inhabitants may have long felt freer than those in neighbouring Chile, the difficulties of running the government and ensuring economic growth are enormously greater. He will have to establish his authority and restore economic confidence quickly. One hopes he has learned from the experience of Menem's Argentina that an economic shock programme must be well prepared and comprehensive.

Even effective political leadership will not easily overcome his lack of a strong party base and the difficulties of a constitution that gives wide powers to the legislature, which is controlled by the most powerful vested interests in Brazil. His plight suggests that democracy in Brazil, as elsewhere in Latin America, is a question of good government and of willingness to interest groups to bow to the common good.

War of words on farm trade

THERE HAS been much huffing and puffing and trading of tough words between the European Community and the US of late on the issue of the reform of the world's farm trade, a key component of the Uruguay Round of international trade talks, which is now in the last of its allotted four years.

In particular, acerbic exchanges between Mr Clayton Yeutter, the US Agriculture Secretary and Mr Ray MacSharry, the EC Farm Commissioner over the new US Farm Bill and the draft 1990-91 budget reveal again how differently the two sides view the whole issue of farm support.

US Farm Bills, enshrining the objectives of US farm policy, are produced every four or five years and a new one is due this year to replace the 1985 Food Security Act. Proposals were sent to Congress by Mr Yeutter last month and immediately raised hackles in Brussels, for they differed little from the 1985 Act.

Most of the measures supporting domestic prices for US farmers are expected to be maintained, as are export subsidies, notably through the controversial export enhancement programme. Mr MacSharry publicly expressed his disapproval, declaring that the Bill gave the wrong signal both to American farmers and to the GATT talks.

What most incensed Brussels, however, was the implied threat. The US has taken a maximalist stance within GATT, demanding the abolition of all trade-distorting farm subsidies, but here it was - EC officials complained - failing to translate this message into its own domestic legislation. What is more, Mr Yeutter made it clear that export subsidies would be increased unless progress were made in GATT.

Predictable

Mr MacSharry's predictable response was that the EC will not negotiate under threat. "The multilateral negotiations are not war games," he stated. There is an obvious element of gamesmanship in all this as Washington - aware of the seeming hypocrisy of advocating the abolition of most farm subsidies in GATT, while continuing to maintain them at

Paradoxical

Some evidence for this view comes, paradoxically, from the White House. A document sent to leaders of key Congressional Committees last month used far milder language than the Farm Secretary when it described how "based on progress to date" within the GATT talks, it could be expected that US farm programmes in future would "need to be made more market oriented, with support provided in a less trade-distorting way." Such language suggests that the US has come a long way towards compromise with the EC.

It is too early to tell whether this will prove the case. US officials point out that the language in the White House report is primarily designed to persuade the Democratic majority in Congress that sufficient progress is being made in GATT not to warrant Congress using its powers further to increase farm subsidies. Certainly, the White House report itself does not mince words about the outstanding areas of difference between the US and the EC, which range all the way from the extent to which protection and trade-distorting subsidies should be reduced to whether - as the US wants - existing non-tariff barriers should be converted to tariffs and then reduced.

The aim of reforming the world's farm trade - estimated to have cost the EC and US budgets a total of over \$50bn a year in recent years, to say nothing of the trade-distorting effects for other exporters - remains as valid today as it was when the Uruguay Round began. However, more political effort and less posturing will be needed if it is to stand any hope of achievement. Heads of government must get more actively involved. They should be reminded that the Uruguay Round and so the whole international trading system hangs in the agricultural balance.

I love driving about in motor cars. You probably do too, unless you are unlike most inhabitants of the developed countries of the West. To me, the automobile is the invention that has had the most potent effect on life in the 20th century. It is affluence, choice and individual freedom expressed in steel and rubber. I am rarely happier than behind the wheel.

Everyone of the green persuasion should declare her or himself on this matter. It is one of the keys to the environmental debate. So many of us would rather drive than use practically any other form of transport that most political parties sense that the way to win votes is to be extremely tactful about motoring.

This is very awkward. Because of the greenhouse effect, the day is coming when governments will be obliged to slap a tax on carbon dioxide emissions from exhaust pipes. There is a strong case, on simple amenity grounds, for reducing expenditure on roads. There is an overwhelming market logic in favour of making individual users pay for the pollution they cause, perhaps by means of tolls, or an enormous petrol tax, or some other fiscal device. None of this is politically cost-free. All of it scares the wits out of most politicians.

At the beginning of 1989 a paper was prepared for the British Prime Minister suggesting the introduction of a pricing system. Smart electronic cards would be slid into a dashboard computer. Motorists would pay according to which road was traversed. Electronic eyes planted in the paving stones would deduct fees from the cash balances registered in the smart cards. Driving would be more expensive in the rush hour than at midday. It might be free late at night.

This paper was rejected. Its ingenious arithmetic had suggested that the average driver would be no worse off than now if the tolls were set low and then the existing annual road licence was withdrawn. Even so, the Prime Minister was not convinced. Nor was she convinced when Mr Paul Channon, then Minister of Transport, floated the idea again in the early summer, albeit as a reluctant last resort.

Last September the logic of the price mechanism was set out in another learned study. Its source was a mirror image of the provenance of the first paper. For this time the proposer was Patricia Hewitt, erstwhile policy co-ordinator for the leader of the Labour Party, Mr Neil Kinnock. Entitled "A Cleaner, Faster London: Road Pricing, Transport Policy and the Environment," it was published by the new left-wing think tank, the Institute for Public Policy Research. Road pricing is the most efficient, environmentally beneficial and fair form of traffic restraint available for central London," Ms Hewitt concluded.

The Labour Party has yet to show proper enthusiasm for Ms Hewitt's suggestions. The temptation is to meet the challenge to road pricing by change to road pricing, thus outflanking the Conservatives in the way they should be outflanked - from the Right. The Labour spokesman on Transport, Mr John Prescott, favours this as part of a shift of emphasis in transport policy from private to public means of transport. Mr Kinnock and those around him are, however, aware of the dangers inherent in seeming to be "against the motorist." They also affect to dislike the idea of clearing the roads for the rich by making them more expensive to use. Their commitment to road pricing seems to me to be tenuous at best.

Meanwhile the Conservatives have taken yet another run at the same fence - and shied away. The Secretary for Transport, Mr Cecil Parkinson, wanted to accompany his recent publication of a set of proposals for road pricing with a companion discussion

POLITICS TODAY



Tied up in knots over road pricing

By Joe Rogaly

paper on road pricing. Smart cards would be the favoured mechanism. The two Parkinson papers, taken together, might have seized the political initiative from Labour.

This package went before the entire Cabinet, but only Mr John Major, Chancellor of the Exchequer, Mr Chris Patten, Environment Secretary, and Mr Parkinson himself supported publication of the road pricing paper.

This does not necessarily mean that the Transport Secretary, long a sceptic about the greenhouse effect, is a late convert to greenery. His paper could have been read as one designed to demonstrate the immense complexity and potential cost of road pricing. Never mind. He deserves credit for having supported publication.

The grounds for opposition were various. There was much harrumphing about the need to charge drivers of company cars personally for road use, and the difficulties thereof. The Home Office conjured up a nightmare vision of having to issue more than 6m summonses every year if more than 1 per cent of motor vehicles in London were not properly paid for through the smart cards. This sounds to me like a typical impossibilist fantasy put up by civil servants who know what ministers want reasons not to go ahead with a scheme.

Their commitment to road pricing seems to me to be tenuous at best.

The purpose of the GC is to help Mr Patten prepare his promised White Paper on environmental policy in time for the Conservative Party conference in the autumn. It seemed like a fine idea when he announced it at the last conference, but since then Mr Nigel Lawson, the former Chancellor, has resigned, two more Cabinet ministers have retired, the poll tax has blown up in the Conservatives' faces, and Labour is somewhere between 15 and 20 percentage points ahead of the Tories in the opinion polls.

In such circumstances an analytical discourse from one department whose logic, if followed, would end in a near-tripling of the price of petrol did not seem to be quite in tune with the

perceived political needs of the times.

Another departmental minister kept asking whether it was possible to devise a system of penalties and incentives whose effect would be to reduce the number of journeys, and encourage the purchase of smaller cars with more efficient engines. The promise was part of a pre-emptive political strike by Mr Patten. His proposals on sewage sludge dumping and the disposal of raw sewage through long outfall pipes have failed to satisfy Britain's critics at the conference of countries with North Sea coastlines. They will, however, add at least 6 per cent to water bills over the

search for a firm, courageous and pain-free green policy permeates the Green Committee

The political pressure is not all in one direction. The Prime Minister herself is in two minds on the matter. In one persona, she is a political realist about things like a high price for petrol, and she may have learned to fear new taxes or charges of any kind following the introduction of the poll tax. Her other persona is that of earth-mother, she who discovered the threat to the environment and explained it to the nation, not to mention the world, in a series of major speeches following her seminal address to the Royal Society in September 1988.

Everyone in Westminster and Whitehall is aware of this split in Mrs Thatcher's personality. They are also aware that there is a positive political gain to be had from expressing concern about the environment. Private polls still tell them as much. This perhaps explains the Conservative party political broadcast on Wednesday night, which stressed the Tories' concern to build a cleaner, safer, world for the soft-focus mother and baby who appeared in nearly every shot. It also explains the GC's decision to send Mr Patten to The Hague this week armed with promise to end nearly all industrial dumping in the North Sea by the end of 1992, a mere three years later than stipulated in the 1987 North Sea Declaration.

The promise was part of a pre-emptive political strike by Mr Patten. His proposals on sewage sludge dumping and the disposal of raw sewage through long outfall pipes have failed to satisfy Britain's critics at the conference of countries with North Sea coastlines. They will, however, add at least 6 per cent to water bills over the

coming decade. There is a certain political courage in this. Clearly Mr Patten has extracted a decent down-payment from the Green Committee, indicating that not all forthcoming battles will be lost by the environmentalist side.

Whitehall is in the midst of another battle whose outcome is as yet uncertain. Britain has undertaken to cut sulphur dioxide emissions, a major cause of acid rain, by 60 per cent by the year 2003. It said at the time that it would do so by installing flue-gas cleansers, at a total cost of some £2bn, in existing large power stations. Now National Power and PowerGen are telling the Energy Secretary, Mr John Wakeham, that privatisation will be easier if this commitment could be met more cheaply through the use of imported low-sulphur coal and gas-fired power stations. Downing Street is aware that the exchanges on this matter between Energy and Environment are "heated". Mrs Thatcher's Green Committee will probably take the final decision. It is likely to be a compromise, leaning towards the demands of quick privatisation and away from pure environmentalism.

While all this has been going on the Treasury has kept its head down, working on the forthcoming Budget. When that is out of the way the Conservatives will have to confront the real agonies of environmental policy. When do you tax? When do you charge? When do you regulate? Having exhausted that list of options, which includes all there are, how do you fight an election as the party of conservation on the basis of a cautious environmental White Paper? All right then, how do you go to the polls with a bold set of policies that may in the end cost the voters more?

A few of the answers, suitable to a market economy run by economic liberals, are provided in a forthcoming pamphlet from the same left-wing think tank - the IPPR - that proposed road pricing. "Green Taxes," by Dr Susan Owens, Victor Anderson and Irene Brunskill (IPPR, 18 Buckingham Gate SW1, £5), concludes that there is a now a strong case for the use of economic instruments in British environmental policy. (The difficult duty on lead-free petrol, making leaded more expensive, is an economic instrument used by Mrs Thatcher's Government to pursue an environmental objective.)

A 25 per cent rate of Value Added Tax on large cars, or cars without catalytic converters, is one in a long list of possibilities suggested by the IPPR; low or zero VAT on insulation materials, low energy light bulbs and the like are others. The overall effect could be fiscally neutral. The need to persuade the European Community to accept such changes is acknowledged. It is a short, well-argued paper, once again taking on the Tories from their totally unprotected Right flank.

Incidentally, I owe the IPPR an apology. When it was founded in 1988 I said that the new doughnut lacked a filling - it had no central idea to give its various policies a sense of purpose and cohesion. The Right-wing Institute of Economic Affairs had such an idea: the market economy. We can now see that the IPPR, too, has a central idea: the power of the market. If it sticks to this, it will do the Labour Party a great service.

It is a pity that Mr Patten. His environmental white paper, which is regarded by some as the putative centrepiece of the Conservatives' election campaign, will only be credible if it shows that the green half of Mrs Thatcher has prevailed over the blue. Every argument in the GC is between Environment and another ministry - Energy, Transport, Agriculture or whatever. If Labour looks like producing a decent environmental policy with a judicious mix of pricing and regulation to enforce it, Mr Patten will have a better chance of winning some of those arguments. The game is still on.

Lucky to be out of it

■ There is a teasingly symmetrical relationship in the DIT inspectors' report on the Fayed brothers' acquisition of the House of Fraser group which has so far escaped notice.

While the Fayed brothers were being advised on the offer by merchant bankers, Kleinwort Benson, and City solicitors, Herbert Smith, the Director General of the Takeover Panel at the time was none other than Tim Barker of Kleinwort Benson. The secretary of the Panel, also deeply involved in the bid, was Anthony Macaulay, a associate from Herbert Smith.

But beware of conspiracy theories, despite the inspectors' findings that the Fayed brothers dishonestly represented their origins, wealth, business interests and resources throughout the bid. The inspectors say they "were gratified to note that in this very contentious dispute nobody ever made any aspersions about Mr Barker's and Mr Macaulay's impartiality."

As for the Fayed's seemingly judicious choice of advisers, note that the Egyptian-born brothers were initially advised by another merchant bank, Lazard Brothers, where the president corporate financier, Marcus Agius, is said to have warned that the acquisition might be "too high profile" for these hitherto secretive foreigners.

Lazards had a narrow escape thanks to a conflict arising from the interest of a longer-standing client in bidding for House of Fraser - was it BAT Industries in less beleaguered days? So, too, did Morgan Grenfell, which had had earlier dealings with the brother. Morgan's David Douglas-Horne pleaded a similar conflict of interest when approached by Mohamed Fayed.

It was Royal Bank of Scotland that was instrumental in introducing the Fayed to

the hapless John MacArthur of Kleinwort, who is now an independent financial consultant in the City. There, but for a Chinese Wall, other reputations might have foundered.

Bubbles

■ Hydrotherapy seems to work. There is something immensely relaxing about lying in a bath with bubbles being pumped through the water. And, unlike in a Jacuzzi, the pressure is pretty evenly spread. Perhaps the conventional bath is not big enough, but you begin to get used to it. Also makes you sleep well. Further reports later.

Going Italian

■ James Sherwood, the President of Sea Containers, turned up in Rome this week to say that Italy is the land of property investors.

Having fought off a year-long hostile bid from Anglo-Swedish predators, he now says that the time has come to put all his leisure interests into one company. Sherwood plans to turn Orient-Express Hotels into an Italian company, under the name Cipriani Hotels, and to float it on the Milan bourse in about two years' time.

Apart from the Cipriani in Venice, Sherwood's Italian hotels include the Villa San Michele at Fiesole and the Splendido at Porto Cervo. Recent purchases are the Mount Nelson in Cape Town and the Copacabana Palace in Rio, which brings his total up to 10 worldwide. Sherwood says he plans to buy another 10 in the next three years.

Football wars

■ Bruised pride in the world of African football, where Algeria is hosting the presti-

OBSERVER



"Of course, we've only got their word for it that they're biscuits."

Constitutional

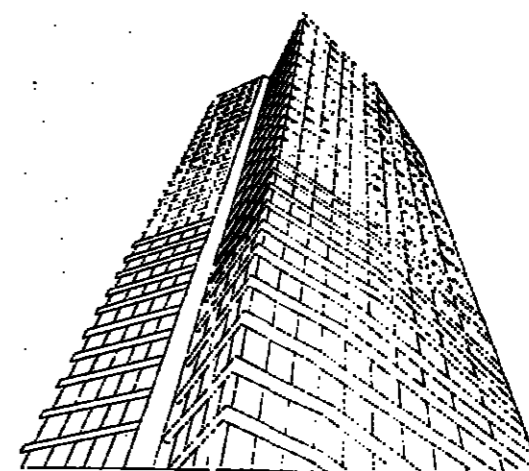
■ A Constitution can come in handy at times. Take the case of Dr Sean McCarthy, former Irish Minister of State and member of the Seanad, the upper house in the Oireachtas, the Irish Parliament. Dr McCarthy was stopped by police in Dublin on suspicion of drunken driving. He was subsequently charged with failing to provide a blood or urine sample. In his defence the doctor is reported to have invoked Article 15.13 of the Irish Constitution, which states that parliamentary members are "privileged from arrest in going to and returning from, and while within the precincts of either House".

McCarthy was arrested at about 5 am. Senate business had closed at 8.30 pm the previous evening. Parliamentary questions are now being asked about how far the spirit of the Constitution can be stretched.

Heath to stay

■ Edward Heath, the former Conservative Prime Minister, has made it clear that the financial losses he has sustained, through being a member of Lloyds, over the Outhwaite affair are not causing him undue concern. While describing the losses as "considerable," he said: "They are not going to drive me out of the House of Commons, though. In fact, they may well keep me in."

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David Lascelles revisits the Soviet Union after a ten-year absence

There is one very striking change about Moscow in the 10 years since I was last there: the political slogans have all gone. No more are the city's inhabitants urged by giant rooftop signs to salute the Communist Party or bust a gut for socialism.

And what a relief that is. Nothing typified the Brezhnev era more than the deafening roar of its propaganda. Without it, Russia has almost become civilised again: you can hear yourself think, you can say pretty much what you like, wherever you like. And for a hospitably-inclined people like the Russians, that has opened the floodgates. In the course of a two-week visit I met more people, was more widely entertained, and left feeling I had made more friends than in a dozen trips in the best old days. I even got into the Communist Party's central committee building, previously considered to be more impenetrable for a westerner than the KGB.

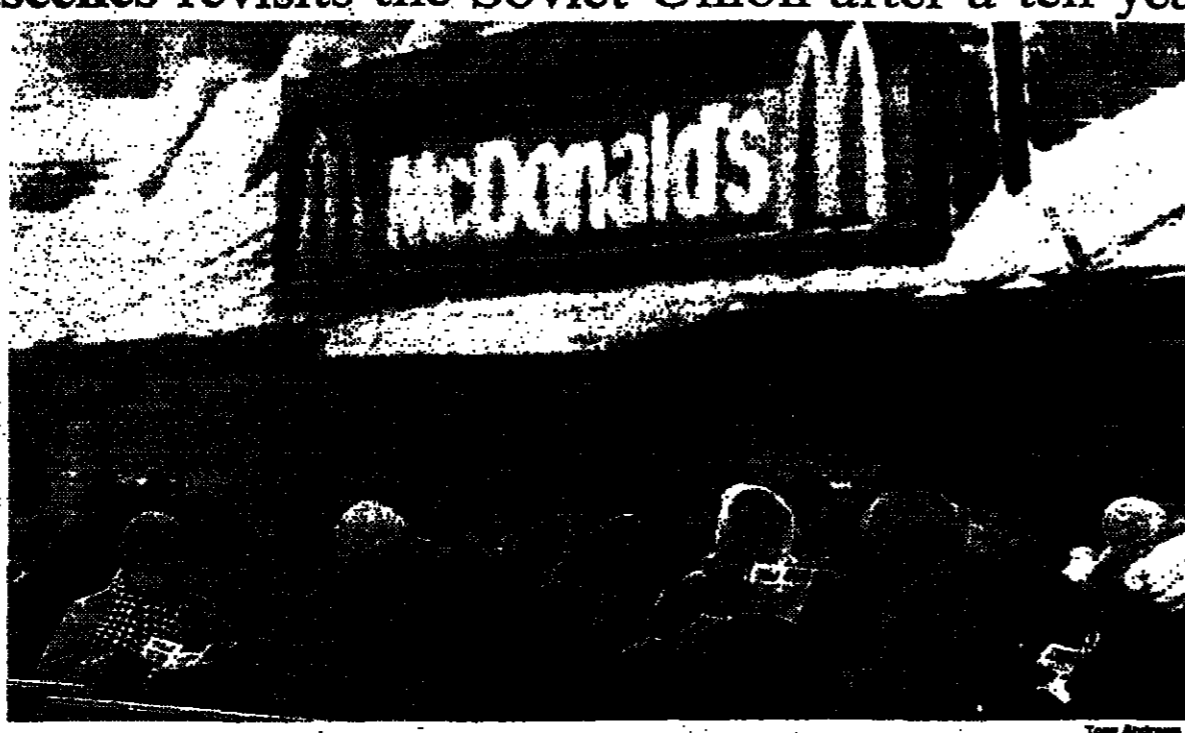
The achievements of Mr Gorbachev's glasnost are truly remarkable. There were moments when I actually found myself sweating with Brezhnev-conditioned alarm through reading some startling expose in the new-style Moscow News. As for witnessing the sight of 150,000 demonstrators rallying peacefully by the Kremlin walls - it cured all one's earlier despair. Never once do I recall any analyst of the Soviet Union predicting that within 10 years the country would be holding free elections and introducing multiple parties.

But if glasnost has got rid of The Great Lie, it has replaced it with The Ghastly Truth. And the truth is that just about everything to do with the country is in a quite appalling state: the economy, its cohesion, its foreign relations, and also its morale.

It is hard for people in the West to understand quite how bad the situation is. It is not merely that the economy is like an old locomotive running out of steam, and leaving a trail of broken bits along the track. It is also that the situation is getting worse, and offers ordinary Russians virtually no means of escape. One of the big changes Mr Gorbachev has introduced is the right to buy \$300 of foreign currency and travel to the West. The bad news is that the rouble has been devalued tenfold, the queue for foreign currency is four weeks long (you go there every morning to claim your place), and Aeroflot is booked up for months in advance.

Although nationalist uprisings attract all the media attention, they are only symptomatic of the malaise in the Soviet Union, which is the growing prospect that the whole system will grind to a halt. And the consequences of that are very hard to predict.

That may sound alarmist, but the fact is that the normal mechanisms of production and distribution are already breaking down. This means not only the notorious queues, but also the spread of subversion and corruption, with its own insidious effect. It is virtually impossible to obtain



After the Great Lie, the Ghastly Truth

anything worthwhile for roubles; but dollars will cause the scarcest and most luxurious things to appear as if by magic. The economy is rapidly becoming two-tier: the rouble-based state system overlaid by a grey economy where goods are exchanged for better or hard currency. And there are no prizes for guessing which is the more dynamic. Every factory now holds back part of its production to exchange it for other goods. In shops, the best items are kept under the counter for the same reason. Any self-respecting employer has to be able to secure special deliveries of consumer goods to keep his staff happy, thus further undermining the official distribution system.

In Leningrad, (the Soviet Union's second largest city with 6m people) the City Council has just introduced a measure which forbids non-residents from buying a wide range of basic consumer goods: fresh fruit and vegetables, cheese, meat, sausage, knitwear, china, watches, and so on. This act of self-defence against marauders from neighbouring towns is certain to provoke counter-measures and could, if unchecked, lead to the fragmentation of large parts of the Soviet economy. If the Baltic states and the Caucas-

sians are struggling to break free from this deadweight, it should cause no surprise. A reason why they may well succeed is that the Russians themselves seem to be too mumbled and bewildered to care. Although Mr Gorbachev made his valiant plea to the Lithuanians to stay in the Union, one senses that the imperialist urge is exhausted. Russia is turning in on itself.

The collapse of eastern Europe last year goes virtually unremarked in conversation. It is almost as if this event, which more than any exposed the hollowiness of Soviet might, had not occurred. It would have been a great humiliation for the Russians, but for the fact that many things much closer to home are now greatly more humiliating: the inability of the Soviet Union to feed and clothe itself, the worthlessness of the currency, and the failure of 70 years of communism. Moscow may still go through the motions of involvement in international affairs. But it lacks the will and the means to influence them any more.

Even so, the atmosphere is not one of despair. The political debate triggered by perestroika is extraordinarily lively for a country so long conditioned by a one-party system.

One evening, when I switched on the TV, all three channels were carrying discussion programmes about economic problems: one had a factory manager explaining why his goods were in short supply, another a government official on the problems of price reform, and the third had a panel of economists.

The debate is largely free of ideological dogma. Virtually all ideas - free markets, convertible currency, a stock market, private ownership, land sales - are legitimate for discussion. There still seems to be an inhibition about allowing foreign investment, but that may be attributable to Russian xenophobia as much as communist taboo. By the same token, there is a strong reluctance to seek a solution in heavy borrowing from the West. Not, it must be said, that western bankers are keen to lend to the Soviet Union: colossal sums would be needed to make any impact.

The real obstacle to progress is the sheer size of the problem, and the doubts that must exist as to whether the Soviet Union has the political will to overcome them.

Although Mr Gorbachev is surrounded by free-market advisers, there is an immense party and government bureaucracy to overcome.

And out in the great expanse of the Russian steppe there are millions of people who lead desperately deprived lives but for whom economic reform spells uncertainty and change, the two things that the Russians have historically found most difficult to handle.

They are probably right insofar as a full economic adjustment would entail massive inflation, the disruption of what little exists in the way of social services, and widespread unemployment. And all for the right to exchange the socialist cocoon for the free market god. Some observers have seen in the widespread provincial revolts against party bosses a grass roots desire for change. But these stirrings reflect frustrations with worsening living conditions rather than a positive urge for reform. Similarly, the mass demonstrations in Moscow and other cities were for greater political democracy. But they did not address the fundamental economic issues.

Where will it all lead? The Mikhail Gorbachev so widely cited in the West is an unpopular man back home. The view from Tomsk, I was told, is that he is a dangerous reformer, while "hard-liner" Yegor Ligachev displays the best Russian political traditions of firmness. Any forecast about Gorbachev's future has to be made in the context of a worsening economy and growing political pluralism (for which read disarray).

I came away with the uncomfortable feeling that he may squeak through this winter but could well be brought down by the next. The best that could then ensue would be a highly fluid political situation that enabled big changes to occur in a short space of time - rather like Poland in the last 12 months. This could be quite chaotic but, in the end, fruitful.

The darker scenario holds out the prospect of civil war, with the Russians taking it out on the nationalities and minorities whom they already blame for many of their problems. Quite what role the military would play is hard to judge: traditionally they have been politically neutered, and are not very conspicuous at the moment. The greater danger is that turmoil could throw up a haphazard leader.

Unfortunately, a smooth transition to a new state of being seems the least likely scenario. Russia finds change extremely hard to manage, and the air is full of the ominous grating sound of heavy objects crushing against each other rather than the hum of well-oiled wheels. It is a fair bet that the 1990s will witness another of Russia's great lurches as it adjusts to much reduced circumstances and the long process of modernisation. But unlike 10 years ago, there will be many now who wish it well.

David Lascelles, the FT's Banking Editor, was East Europe correspondent from 1974 to 1978. He is a contributor to the FT's 20-page Survey of the Soviet Union, to be published on Monday.

LOMBARD

Ali Baba at the Trade Ministry

By John Plender

THERE are times when the blindness of Trade Secretary Nicholas Ridley to the political sensitivities of electorate and party has a certain eccentric appeal. Few of his fellow politicians are, after all, prepared to speak the unthinkable. But with the inspectors' report on House of Fraser it is a case, as Tory backbenchers have indicated publicly and Mr Ridley's fellow ministers admit in private, of blindness bordering on folly. Can there be any justification for such ministerial insouciance in the face of perhaps the most blatant case of deception in post-war corporate history?

Until now it has always been possible for ministers to plead that the involvement of controversial Tiny Rowland of Lomro clouded the issue. The antipathy that Mr Rowland continues to arouse in the Conservative party may well provide part of the explanation for the Government's dilatory response to the evidence of dishonest misrepresentation by the Fayed's. But following the damning report by the inspectors there can be no further ambiguity or doubt. What justification, if any, can there be for the Trade Secretary's behaviour?

Mr Ridley's excuse to the Commons for failing to ask the courts to disqualify the Fayed brothers from being directors was based on the public interest. Since there were no longer any outside shareholders in House of Fraser, he argued, such action would have been inappropriate. But as Labour MP Robert Sheldon retorted, lying and cheating had enabled the Fayed brothers to fool the Office of Fair Trading and the Department of Trade and Industry. When a British Trade Secretary can see no public interest in requiring increased disclosure from non-corporate cash bidders, but the Trade Secretary gave the game away by telling the Commons, "I do not think that anyone would believe that the events that we are talking about are particularly heavyweight."

It may not matter much who owns a shop in Knightsbridge. But it does matter when a huge company, employing several thousand people thanks to the efforts of earlier managers, changes hands on the basis of dishonest misrepresentation to all and sundry. It matters even more when a British Trade Secretary cannot see that the public interest extends beyond some narrow transactional concern to do with the price at which bundles of shares change hands.

So be warned. The DTI is now in the hands of the forty thieves.

LETTERS

Social costs of the falling price of petrol

From Mr B.A.J. Quirke.

Sir, The recent Monopolies and Mergers Commission report on petrol wholesale prices (if expensively) demonstrated the major difference between public (and political) perceptions and underlying reality - particularly when the matter is even slightly statistical.

It showed that between 1988 and 1989 the retail price index (RPI) adjusted price of petrol dropped 12 per cent. It also showed that our product price has been slightly below that of our European Community neighbours and that UK pump

prices are generally significantly below EC levels because of lower duties.

These facts should be viewed in the following context:

- There continues to be a long-term shortage of this type of hydrocarbon fuel.
- It is generally accepted that private transport is an extremely inefficient but convenient form of transport.
- Private cars are a major source of pollution.
- A large part of Britain's road system is grossly overloaded and likely to remain so.
- There is a growing concern with the human costs of private motoring, for instance from the influence of drink or drugs.

Unfortunately the inescapable conclusion is that the product should have been priced-up by duty increases in the way that cigarettes have been for social reasons.

Rather than decreasing in real terms by 12 per cent, it should have increased over the two decades by enough to discourage the activity and provide funds for alternative means of mass transport. An increase of even 1 per cent above inflation over the period would have given a compound

increase of 25 per cent. The increase in tax revenue would be hundreds of billions of pounds, available for expenditure on transport which could be a pleasure to use rather than a last resort.

The political downside to this argument of course is the detrimental effect on the RPI of such a policy. Perhaps this would be seen in a clearer context if we were concerned with an equivalent RPI - Environmental Price Index? B.A.J. Quirke, Chairman, The Institute of Statisticians, 50 Fitzroy Street, WI

Closed shop in Northern Ireland

From Mr David Green.

Sir, Ralph Atkins's article on Northern Ireland ("No room for manoeuvre," February 28) prompts a question.

Most of the 450,000 people who vote Unionist in Northern Ireland live in Belfast, and a sizeable proportion of them in east Belfast where two major employers dominate the job scene - Harland and Wolff and Short Brothers.

Is not the tightness of the Northern Ireland Protestant really the result of his closed shop at work? Is it not similar to the tightness of the once-dominant NGA in Fleet Street?

For it is the tightness of the closed shop beneficiary at bay in every development a threat to his life. For both these companies are under threat and if the fate of similar old-fashioned engineering concerns in England is anything to go by, their chances of survival are quite slim!

It is a hard and sad thing to have to say, but how long will traditional Unionist working class attitudes survive the passing of these two companies?

For surely the shock of reduction to the same state of chronic unemployment as that of their nationalist fellow workers in west Belfast will bring a remarkable shift in loyalties. This will be particularly so if, as is always possible, new companies can employ anyone without political bias, and without the closed shop of which these must be the last major survivors.

Maybe it is the case that nothing would help the troubled community of Belfast more than the strict application of Thatcherite policies, no matter how much they may hurt in the short term.

David Green, 62bis rue de Vic, Calais

The US reforestation record

From Mr Robert Kincaid.

Sir, Robert Taylor's report ("Sweden tends its man-made forests," March 7) opened with a rather misleading statement.

Sweden and Finland are very far from being the only major timber producing countries which are planting more trees than they are cutting down. They trail far behind the reforestation and overall multiple-use programmes of the US.

Sweden lags behind the US in net annual growth per hectare in cubic metres. Sweden's annual growth is 2.7 cubic metres whilst in the US it is 3.3 cubic metres.

In fact, in both temperate hardwoods and softwoods the US grows two-and-a-half times as much timber as it uses. The US plants an average of six million trees a day. That is nine trees for every person living in the US every year. The forest products industry plants 35 per cent of those 2.6m trees, while owning only 18 per cent of commercial forests.

All National Forest lands are managed under the Multiple-

Use Sustained Yield Act of 1906. By law we may only harvest as much as we can grow and all forest is replanted or renewed naturally.

Of the land area covered by trees when Columbus discovered America in 1492, almost 74 per cent is still forested. This is due to managed forestry on both a public and private basis dating back over 100 years.

According to the Forest Statistics of the United States, 1987, the forested timberlands of the US now contain over 125bn cubic feet more than they did just 35 years ago. Sweden, Finland, America and most other softwood and temperate hardwood producing countries invented the green movement long before it became fashionable, and have been responsible protectors of the only major renewable resource available to man. Robert R. Kincaid, European Marketing Manager, US Softwood Timber Association, 101 Wymore Street, WI

Sentiment and the stock market

From Mr M.S. Evans.

Sir, Mr Mushaq Shah and Mr Sushil Wadhvani of the London School of Economics (Letters, March 2) provide an excellent illustration of the dangers of applying precise scientific deduction to the uncertain art of investment.

Many years ago when I started working in the City, I remember being told that at all stages share prices were 60 per cent sentiment and 40 per cent reality. The word sentiment does not occur in the Shah/Wadhvani letter and, perhaps, its absence is the missing element they are searching for. The argument they develop

rests on the assumption that the Japanese Stock Market was "correctly" priced on January 1 and from this it follows that the subsequent fall of 15 per cent by February 26 was excessive when related to other factors. But who can ever say that any market is correctly valued. It is possible to make relative judgments, but absolute judgments can only be subjective, based on the facts as known.

As Keynes once said, to be roughly right is better than to be precisely wrong. M.S. Evans, Living & Crickbank, Broadwalk House, 5 Appold Street, EC2

Tale of two coffee breaks

From Mr J. Hawthorne.

Sir, Andrew Taylor ("A tale of two building sites," March 7) examines differences in transatlantic working practices but omits any comparisons of the effect of working conditions on the family/social lives of the UK and US workers.

"No time lost at meal or break times" may improve the US workers' economic productivity but to what effect on their lives or on the productivity of their medical advisers or psychiatrists?

A routine break for coffee may improve human relations at work and at home, in a way which "a drink when needed" taken "at the workplace" may not.

Should not the emphasis be on the humanising of work culture or is the quality of living at the end of the 20th century always to be subjugated to a superficial economic standard? Jerry Hawthorne, Witham Ward, 70 St George's Square, SW1

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BUNDESTAG VOTES NOT TO CHALLENGE FRONTIERS

Kohl reaffirms view on Polish reparations

By David Goodhart in Bonn

MR HELMUT Kohl, the West German Chancellor, yesterday again stressed the need for Poland to renounce reparations claims and do more to protect the rights of the Polish German minority in an angry Bundestag debate on the border issue.

Despite Mr Kohl's retreat, earlier in the week, from making an explicit linkage between reparations and confirmation of the border, he was yesterday in unrepentant and party political mood, and went out of his way to praise Mr Jaruzelski, President of the Federation of Expellees, as "a good democrat".

The Federation represents the millions of Germans who were expelled from lands now in western Poland and has lobbied against a formal acceptance of the existing border.

The formal motion passed by the Bundestag accepted that the existing border would not be questioned "either now or in the future".

A similar motion will be agreed by both German parliaments after free elections in East Germany, but a legal treaty will not be signed until there is a united German government.

Polish President Wojciech Jaruzelski said the resolution by the West German parliament pledging that a united Germany would not challenge



Genscher urged quick constitutional route to German unity

Poland's borders was "not fully satisfactory".

It did not specify the borders "was talking about, omitted reference to Poland's existing border treaties with East and West Germany and referred to German "legal positions" based

French radio interview.

In Bonn, Mr Hans-Jochen Vogel attacked Mr Kohl's populism as constituting a "political risk factor" for Germany. He added that compared with the Chancellor the "elephant" (in the china shop) was like a ballet-dancer.

Mr Hans-Dietrich Genscher, the Foreign Minister, came out in favour of Article 23, the speedy constitutional route to unity, describing it as "a joining not an annexation". Mr Martin Bangemann, his Free Democrat party colleague and EC vice president, agreed that an Article 23 linkage would be the best for the EC.

Mr Kohl received warm support from NATO allies for his eventual endorsement of Poland's post-war borders when he addressed ambassadors of the 16-nation alliance here, writes David Buchanan.

Mr Manfred Wörner, secretary-general of NATO and Mr Kohl's former defence minister, said after the meeting that the ambassadors of Bonn's 15 NATO allies had given unanimous and unequivocal approval to German unity, to the place within NATO for a united Germany, and to the latest statement from Bonn confirming Poland's existing frontiers.

In what one diplomat termed as "a highly emotional performance," the German Chancellor

described his feelings on addressing election meetings in East German cities, with "hundreds of thousands of people shouting Ein Volk (one people)".

Defending himself against the charge that he was rushing unification, he said that events in East Germany itself had overtaken the timetable which he had originally set out last autumn and said that deterioration of the situation in East Germany, with some 180,000 people leaving in the first two months of this year, was not his responsibility.

"I want this process to develop at a reasonable pace," he said, promising to take into account the interests of all Germany's "friends, partners, neighbours, East and West."

Yesterday's meeting was the start of "a formal sequence of consultations on German unification and its European security aspects," Mr Wörner said. These consultations would take place in NATO at official and ministerial level, and would be synchronised with similar discussions among the two Germanys and the four wartime allies, he said.

The British Government has changed the name of the British Military Mission in Berlin to British Mission Berlin in a significant symbolic gesture towards the new political realities in Germany.

Fresh discord over Japan monetary policy

By Stefan Wagstyl in Tokyo

AN ARGUMENT over monetary policy between the Japanese Ministry of Finance and the Bank of Japan erupted into the open again yesterday.

Mr Toshihiko Fukui, an executive director of the central bank, and Mr Makoto Utsunomiya, Vice Minister for international affairs at the Finance Ministry, aired their differences at an international financial conference in Tokyo.

Mr Fukui repeated an argu-

ment advanced by Mr Yasushi Mieno, the bank governor, that rises in the price of assets increased the risk of general inflation and contributed to the recent decline in the yen.

Asset prices in Japan, particularly land, were rising significantly faster than elsewhere, so reducing the yields on Japanese assets below yields in other countries.

This increased the attraction of foreign investment, he said.

This phenomenon alone could not explain the yen's fall.

Mr Utsunomiya said the previous upsurge in land prices in Japan came in 1985-86 when the yen had been strong so there was no necessary correlation between land prices and the currency.

The notion that asset prices were responsible for the current weakness of the yen was "very tricky and misleading," said Mr Utsunomiya.

Meanwhile, a senior central bank official said reports that the central bank had already decided to raise the Official Discount Rate.

Such reports were groundless and a total nuisance, Mr Hiroshi Yoshimoto, the bank's deputy governor, told a committee of the Diet (Parliament).

The current state of the economy, prices, foreign exchange and interest rates did not require such a change.

Alfonsín warns of threat to democracy

By Gary Mead in Buenos Aires

MR RAUL ALFONSÍN, who left the Argentine presidency last July, warned that democracy in the country is under threat, as demonstrators took to the streets again yesterday in several cities.

In his first major domestic announcement since he stepped down last July, Mr Alfonsín, who relinquished government to President Carlos Menem, said the country was heading for "authoritarianism" if a political coalition was not "rapidly" worked out.

He alleged during a television interview that members of Mr Menem's Peronist government were studying the possibility of closing Congress, through the use of a 1969 decree.

The Government has already said that it has cleared the way for the armed forces to take the case of internal disturbances.

Mr Alfonsín was yesterday bitterly attacked by senior Peronist politicians. Mr Cesar Arias, Justice Secretary, said suggestions that the government was about to suspend Congressional operations is "the product of his [Alfonsín's] fantasy."

The Government is also angry at US press reports that Argentina is due to meet Mr Sadil Ubaldini, head of the anti-Menem faction of the CGT, Argentina's national trade union organisation.

There is an increasing likelihood of a new anti-Menem alliance, comprised of pro-Alfonsín members of his Radical party, trade union leaders, and dissidents in the Peronist party.

Bank forecasts easier time for importers

By Stefan Wagstyl in Tokyo

IMPORTERS will find it progressively easier to penetrate the Japanese market for consumer goods, but more difficult to sell industrial products and services, says a Japanese bank report.

The rise of supermarkets and chain stores is reducing the power of Japanese manufacturers in the retail market, says the Industrial Bank of Japan (IBJ).

However, in industrial markets, Japanese manufacturing companies are cutting out middle-men to get closer to customers, in the face of increasingly tough competition.

Foreign companies entering the consumer goods market should sell through mass-market stores, or retail directly themselves. But in the industrial goods market, overseas companies should forge links with the large Japanese industrial groupings to make use of their distribution channels, the bank says.

IBJ says the best way for the US Government to open Japanese markets further might be to press for the rigid enforcement of the Japanese Anti-Monopoly Law to eliminate exclusive arrangements between Japanese manufacturers and distributors.

The bank implicitly acknowl-

Controversy still surrounds Kaifu

MR Toshiaki Kaifu, Japan's Prime Minister, was embarrassed yesterday by a continuing controversy over whether he and US President George Bush discussed the "specifics" of trade disputes at their Palm Springs meeting last weekend, writes Robert Thomson.

On return, Mr Kaifu, in an effort to emphasise the broader bilateral relationship, said that the two leaders had avoided the details of trade issues and a party spokesman called two press conferences to make that point; the second was held to correct an earlier statement that details were discussed.

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Bush had "specifically discussed" trade, a statement released yesterday by a continuing controversy over whether he and US President George Bush discussed the "specifics" of trade disputes at their Palm Springs meeting last weekend, writes Robert Thomson.

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to which, customers expect manufacturers to play a large role in after-sales service.

Even if Japanese manufacturers were obliged to drop exclusive agreements, foreign exporters would find it difficult to enter markets, unless they spent enormous amounts of money on advertising and sales administration.

The report adds that in the case of semiconductors, a battleground between the US and Japan, foreign companies rely too much on small and medium-sized trading companies, which handle about 85 per cent of foreign chip sales.

These trading companies have weak technical and marketing skills. More foreign companies should forge links with Japanese manufacturers, as Motorola has with Toshiba, says the IBJ.

"Though the US criticises the grouping of distributors by manufacturers, we wonder if the US might consider taking advantage of such groupings in order to sell products in the Japanese market, where competition is severe and consumers are very selective."

IBJ Review No 9. The Industrial Bank of Japan, 1-3-3 Marunouchi, Chiyoda-ku, Tokyo.

Nixon the statesman returns to his old haunts

Continued from Page 1

"extraordinary tour de force, a sense of half a century of history."

Mr Nixon in person does convey that breadth and experience.

Reminiscing of when he was first in the House in 1947-48, with an office a couple of doors along from fellow freshman congressman John F Kennedy, Mr Nixon talked of how both voted for President Truman's crucial decision to pro-

vide military aid for Greece and Turkey.

"It was a good vote and it started the bipartisan policy which I hope can be reinitiated today."

Confident of victory in his lifelong battle against communism, he said the greatest responsibility now is to see that freedom works.

At one point a reporter addressed him as Mr Gorbachev; amid the laughter he

replied, "I've been called worse."

Mr Nixon, responsible for the US opening to China in 1972, defended the Bush administration's controversial policy of keeping open contacts with the Peking regime.

The US had always, he said, used its influence to moderate Chinese policy.

If anyone could export democracy to China, he said, it was only the US, and could

never be the Soviet Union.

He did have a word of sympathy for his successor-but-two, former President Ronald Reagan.

He was not surprised that Mr Reagan could not remember everything about the Iran-Contra affair when he gave eight hours of videotaped testimony for the trial of Mr John Poindexter, the former national security adviser.

Airbus warns on airport congestion

Continued from Page 1

to rail in Europe by the end of this century. But he said Airbus regarded these rail services as complementary rather than competing against air travel.

Airbus argues that relaxing the existing strict curfew rules at European airports could help ease airport congestion. Mr Jost said the new generation of more environmentally and noise sensitive jet aircraft justified the easing of European airport curfew regulations.

The Airbus report remains optimistic on the overall pros-

pects for the civil aircraft industry, forecasting 12,000 new aircraft deliveries worth about \$700bn over the next 20 years.

This estimate is similar to the latest civil aircraft market forecast by the US Boeing company which said earlier this week that it expects 9,935 aircraft worth \$626bn to be sold between now and the year 2005.

Sustaining this strong demand for jet aircraft is the combination of continued

growth in both passenger air travel and cargo and the need of big airlines to replace ageing aircraft.

The Airbus report also showed that tourist passengers would greatly outnumber business air travellers by the turn of the century, possibly accounting for as much as 80 per cent of all airline passengers.

In turn, this could create problems for airlines focusing essentially on the business travel market.

THE LEX COLUMN

Rolls-Royce at crossroads

In public perception terms, the Vickers affair shows every sign of shaping up into another symbolic debate about short-termism and the City's alleged betrayal of British industry in pursuit of a fast buck. The whole thing is right out of central casting: an Australasian corporate raider trying to carve up a great name of British business (Vickers), to make a swift killing from an even greater one (Rolls-Royce Motors). If institutional shareholders show the slightest sign of backing Sir Ron Brierley's demerger plan, they will doubtless be pilloried publicly.

It will be very unfortunate if the arguments about Vickers are seen in such a stereotyped way, or drummed up into a cause célèbre on the BTR/Pilkington scale. This is not because Vickers is only a £500m market capitalisation company. Neither is it because Vickers has reshuffled itself out of all recognition; nor because Sir Ron Brierley's demerger call smacks of being a last-ditch effort to make his £300m investment in Vickers worthwhile, given that no bidders have appeared.

It is simply that the questions here are rather mundane: the only national interest question surrounds the Challenger tank, now part of a huge part of Vickers. The point is that Vickers itself has been more than willing to sell businesses when it feels it has nothing to add, as shown by its 1989 sale of Howson Algraphy. This is not an extreme, indefensible management, wedded to size for its own sake. That being the case, the central question for argument over the next few weeks is simply how much Rolls-Royce Motors would be worth on its own, whether the Vickers share price reflects it and if not, what Vickers will do about it. In Germany, BMW's shares trade on 10 times earnings, and Porsche on 26 times: the Vickers argument can start there.

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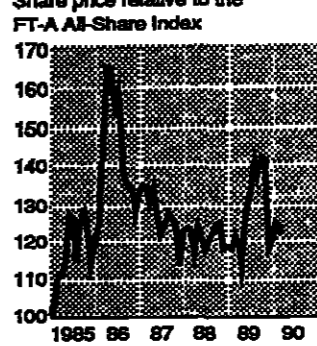
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Vickers

Share price relative to the FT-A All-Share Index



cold feet about Ladbroke the deal-maker which appears to be controlling the share price, given Ladbroke's underperformance of the FT-A All-Share so far in 1990. If so, this looks like a buying opportunity.

GrandMet/Elders

Now that the Grand Metropolitan/Elders deal is at last official, the chief satisfaction for GrandMet's shareholders is that they will not, after all, end up as minority backers of Mr Elliott. It is not yet clear how much cash they will get for their breweries, although the effect of the package is likely to reduce GrandMet's gearing by 25 per cent. But the deal is at least consistent with GrandMet's recent strategic emphasis on its skills in retailing and property management.

As for Elders, it is worth noting that the net effect is not simply one of retrenchment. Harlin, through which Mr Elliott and friends own 55 per cent of Elders, is obviously in a tight place. Hence, the £100 per share cash distribution to Elders' shareholders as part of the dismembering of the Elliott empire, plus the fact that Harlin will sell down at least part of its entitlement in the spin-off Elders Agribusiness.

GrandMet's apparent refusal to help Harlin further by buying up Elders equity will have been correspondingly disappointing. But in pushing ahead with the purchase of Watney's breweries, Mr Elliott is sticking to his plans to take Foster's beer to the world at large and Europe in particular.

Yesterday's drop in Elders' share price was a natural response to GrandMet's withdrawal as buyer of the shares. But the new Foster's business should have certain attractions, not just through its position in international brewing but because of the simplicity

in Australian terms at least - of its operating and financial structure.

TI Group

Yesterday's 34 per cent final dividend increase was a reminder of the strength of TI's recovery under Mr Lewinton. But the sources and applications of funds table also shows the cost of refocussing the group. Some £56m of reorganisation costs were incurred in 1989, not far short of half the pre-tax profits. No breakdown is provided of this massive figure, though one is promised for the report and accounts.

The puzzle of how TI, which spent only £43m on acquisitions in 1989, could suffer a goodwill write-off of £92m, is thereby solved. The restructuring costs are regarded, using SSAP 22, as a reduction in the fair value of acquisitions made in 1988, thus requiring a further goodwill write-off. To add to the fun, this involves a retrospective adjustment to the 1988 accounts, adding £56m to the provisions for liabilities.

Accordingly, TI, which received £40m from Mannesmann and had a net surplus of £60m of disposals over acquisitions, ended the year with an unchanged net asset value of around 155p per share. Admiration for the management's success in remoulding TI as a specialised engineering company is understandable but perhaps yesterday's 20p jump in the share price was overdone.

AMI

At first glance, AMI Healthcare shareholders have little to grumble about. In the two years since their company was floated, their shares have risen by over 70 per cent, or twice as fast as the market, and although they are being bought out at a modest discount to the pre-bid price, it is still an exit multiple of over 15 times prospective earnings.

However, scrape the surface a little and the AMI deal is yet another sign that the UK takeover market is not what it was only a few months ago. In common with an increasing number of vendors, AMI's highly leveraged US parent needs the cash. So it has not been able to insist on selling a controlling stake in a very profitable business at a premium, and it has had to accept that, on a price per bed basis, AMI is being sold for 23 per cent less than BUPA paid for HCA's UK hospitals last summer.

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The Economist

WORLD WEATHER

Location	Temp	Wind	Cloud	Temp	Wind	Cloud
Alexandria	18	10	10	London	10	10
Amman	15	10	10	Madrid	12	10
Baghdad	22	10	10	Moscow	8	10
Bangkok	28	10	10	New Delhi	25	10
Bombay	28	10	10	Paris	10	10
Buenos Aires	15	10	10	Rome	12	10
Calcutta	28	10	10	Stockholm	8	10
Chennai	28	10	10	Tokyo	12	10
Colombo	28	10	10	Washington	10	10
Dhaka	28	10	10	Zurich	10	10
Delhi	25	10	10			
Dubai	28	10	10			
Haarlem	10	10	10			
Hong Kong	28	10	10			
Kobe	12	10	10			
London	10	10	10			
Los Angeles	18	10	10			
Manila	28	10	10			
Mumbai	28	10	10			
Nairobi	22	10	10			
Seoul	12	10	10			
Singapore	28	10	10			
Taipei	22	10	10			
Tokyo	12	10	10			
Yokohama	12	10	10			

INSIDE
Canadian opposition to British Gas deal

British Gas's proposed C\$1.1bn (\$827bn) purchase of Consumers Gas of Toronto has provoked a flurry of political opposition in Canada and a lukewarm reaction in the country's investment community. Critics have pointed to growing foreign involvement in the domestic energy industry, especially in the wake of the US-Canada free trade agreement. David Peterson, the premier of Ontario, whose government has a veto over the Consumers takeover, refused to comment on the specifics of the British Gas offer, but said: "In general terms I'm not in favour of foreign takeovers." Bernard Simon reports from Toronto. Page 24

Happy ever after?
The search for a white knight does not always produce a fairy-tale ending for a company facing a hostile takeover bid. Sometimes the target's proposed rescuer transforms itself into a hungry predator. That is the unwelcome situation facing Sketchley, the UK services group best known for its dry cleaning outlets, which yesterday drew a £26.5m bid from Compass, a contract catering and health care company. This was the second bid for Sketchley within a month. Page 30

Losing altitude
Shares in European airlines have fared badly over the past nine months. Lufthansa, the best performer, has fallen about 3.5 per cent since reaching a high last September, while Swissair's price relative has fallen 27 per cent against the West German market from a peak in July. Despite two or three years of general profitability, and a positive response to the prospect of 1992 through forging links with each other, continental airlines now face a threat to their earnings. Page 44

Towards a bigger apple
There has been much talk of a Nymex-Comec marriage in recent years, but current negotiations between New York's two largest commodity exchanges now seem to have brought the altar into sight. According to Mr Patrick Thompson, the Nymex president, final proposals could emerge in the next four to six weeks. Arnold Staloff (above), president and chief executive officer of Comec, said "the iron is hot now... we have to do something soon." The merged exchange would "harbour a powerful range of commodity futures markets, including precious metals, as well as energy contracts. Page 31

Market Statistics

Base lending rates	48	London traded options	27
Base rate Govt bonds	27	London traded, options	27
FT-A indices	27	Money markets	40
FT world indices	27	New int. bond issues	27
FT int. bond service	26	World currency prices	31
Financial futures	26	World stock index	41
Foreign exchanges	40	UK dividends announced	28
London recent issues	27	Unit trusts	38-39
London share service	33-35		

Companies in this section

AUT	26	Générale des Eaux	28
AMT Healthcare	26	Harcourt/Crossfield	28
Amstar	26	Hilton Hotels	26
Apple Computer	24	Holdenbank	22
Asatsu	23	Ilex Holdings	30
Avesta	23	John Lewis	30
BAL	23	K mart	24
BNL	22	Kode Int'l	30
BSN	22	Ladbrokes	29
Balloy (Ben)	23	Leadbroke	22
Baynes (Charles)	23	Leadbroke	22
British Gas	24	MTL Instruments	26
CALA	24	Microvitac	29
Campau Corp	24	Mudrock (A&I)	30
Chrysler Int'l	24	Nichols (JN) (Vinto)	28
Clairemont (UK)	29	Pentax	30
Coals Wyvella	29	Pickwick	30
Croton Lodge Knight	30	RJR Nabisco	22
Cuisine Property	30	Shannon Lehman	24
DG Bank	22	Storebrand	22
Dares Estates	30	Synapse Computer	30
Domestic & General	30	USX	22
Eniglo Trust	22	Woodchester Invs	28
Excite	24		
Feldmühle	22		
Forward Technology	30		
Gent (SR)	30		

Chief price changes yesterday

FRANKFURT (DM)		PARIS (FF)	
Rheine	700 + 15	Rheine	648 + 24
Deutsche Bank	898 + 12	Deutsche Bank	554 + 12
Hofmann	1230 + 20	Hofmann	4750 + 200
Ind. Werke	43 + 7	Ind. Werke	1950 + 70
Salzgitter	812.5 + 11.5	Salzgitter	425 + 25
Pfaff		Pfaff	
Reckitt	342 - 5	Reckitt	3078 - 34
NEW YORK (\$)		TOKYO (Yen)	
USX	30 1/2 + 1/2	Fujitsu	1310 + 190
Pfaff		Hitachi	270 + 270
East (CA)	14 1/4 - 1/4	Hitachi	1740 + 200
Pfaff	42 1/4 - 1/4	Hitachi	1180 + 140
Hilton Hotels	48 1/2 - 1/2	Hitachi	1550 + 200
USX	132 1/2 - 1/2	Hitachi	1510 + 150
UK			

NEW YORK (Pence)

Black	320 + 8	Unilever	644 1/2 + 9 1/2
Cadbury	590 + 11	Vickers	214 + 17
Grand Met	705 + 17	WPP Grp.	858 + 9
Hammermill A	511 + 9	Pfaff	
LAMCO	595 + 15	AMT Healthcare	190 - 8
Lucas Inds.	548 + 13	Autogate	370 - 36
Rediff	438 + 7	Shogakukan	111 - 13
Shogakukan	358 + 9	Higgs & Hill	30 - 9
TI Grp.	414 + 20	Reckitt	1057 - 8
TVS Int'l			

Vickers rejects Rolls Royce demerger plan

By Ray Bashford in London
VICKERS, the engineering, defence and luxury car group, yesterday firmly rejected a plan to demerge its Rolls Royce Motor Cars subsidiary which was proposed by IEP Securities, the UK investment arm of New Zealand businessman, Sir Ron Brierley.
The rejection followed the announcement yesterday morning by IEP that it would seek shareholders' approval at the Vickers annual meeting next month for a demerger, the buying back of 10 per cent of the company's capital and the cancellation of preference shares.
The New Zealand company's move intensified the friction between the companies which has grown during the past two years while IEP built up an 18.2 per cent stake in Vickers, making it the biggest shareholder.
Vickers shares rose 17p to 214p following the IEP announcement. This compares with an average purchase price of 200p each for the 45m shares that IEP has acquired.
Sir David Plastow, Vickers chairman, has repeatedly called for a clarification of Sir Ron's plans for the holding and the possibility of a demerger of Rolls-Royce was discussed between the two men last month.
Sir David yesterday dismissed the New Zealand move as "a standard play" from a company which, he said, derived much of its earnings from stock market investments.
The demerger plan was first announced in January 1988 when IEP, through its subsidiary, IEP Securities, announced that it was buying back 10 per cent of the company's capital.
Sir David said it would be inappropriate at this time to comment on the proposal to buy back 10 per cent of the capital.
Several companies, including ICI, Guinness, BAT Industries and Great Universal Stores are involved in buy-back schemes. Lex, Page 20

TI pre-tax earnings leap 31% to £111m

By David Owen in London
SHARES OF TI Group, the much-restructured UK specialist engineering company, in which the investment arm of West Germany's largest industrial group, Thyssen, holds a 5 per cent stake, yesterday rose 20p to 458p on news of a 31 per cent increase in 1989 pre-tax profits.
The company attributed the improvement to £111.5m (£108.8m) from 1988, primarily to organic growth. "What this has proved is that our strategy was right," said Mr Chris Lewington, chairman.
Since 1988, TI has regrouped around its mechanical, small diameter tubing and furnace equipment businesses. It completed the divestment of its automotive division with the £13.5m sale of TI Cox to BTR in January.
Operating profit was ahead 19 per cent at £108m (£94m), including £5.3m (£2.5m) from discontinued activities and a higher pension-scheme credit.
The profit advance was achieved on turnover down 3 per cent at £296.5m (£305.5m). The decline was attributed to the fact that disposals outweighed acquisitions in their effect on sales.
The group said sales growth of its core activities was 15 per cent.
Earnings per share climbed 29 per cent to 48.0p (38.1p). A final dividend of 17.5p (13.5p) raises the total to 17.5p (13.5p). Lex, Page 20

GrandMet and Elders close to deal

By Clay Harris, Consumer Industries Editor, in London
GRAND METROPOLITAN, the food and restaurants group, and Elders Ltd, the Australian owner of Courage, said yesterday they were close to completing a deal which would create Britain's second largest brewing group, in which the two companies would combine their public shares.
The transaction, expected to be finalised next week, will be the biggest shake-up in UK brewing since the Monopolies and Mergers Commission report on the industry in 1980. It is likely to presage further consolidation, leading to the higher concentration of ownership which exists in every other western country except West Germany.
"The rationalisation of the British beer industry has begun," said Mr John Wakely of Shearson Lehman Hutton said yesterday. Ms Michelle Proud of County NatWest WoodMac agreed: "We think that in the medium term there will be three big brewers and lots of little ones."
The imminent deal was announced in London after Elders unveiled its long-awaited restructuring package in Australia. Elders plans to concentrate on becoming a global brewer, centred on its Foster's lager brand, and to sell or float off all its other public interests.
GrandMet, on the other hand, is abandoning brewing after nearly two decades, having accepted that it could not become a global or even a Europe-wide brewer. It was handicapped because it did not own the major brands - Foster's and Carlsberg - which accounted for more than half its output.
It intends to sell its four UK breweries and brands which include Watney, Truman, Buddle and Webster to Courage for £275m (£261m) in cash. It will retain property worth about £75m.
The UK company will also inject its 3,500 tenanted pubs into Intreprenuer Estates, a joint venture with Courage, which will be managed by GrandMet's property division and will initially own 8,500 pubs in all. This transaction will raise at least another £425m in cash for GrandMet.
Under regulations announced in December, limiting brewers' retailing interests, only 5,000 of the Intreprenuer pubs can be tied to Courage. Others will be sold or operated as free houses. In addition, 320 of the Courage pubs in Intreprenuer will be leased to GrandMet's managed pubs and restaurant business which will then have more than 2,000 sites.
Mr Allen Sheppard, chairman, said GrandMet's decision to focus on property would have pleased the late Lord Joseph, who led the company into brewing with the acquisitions of Truman in 1971 and Watney Mann in 1972. "I think he'd like the transaction very much. I think he'd be drooling over it," Lex, Page 20; London stock market, Page 33

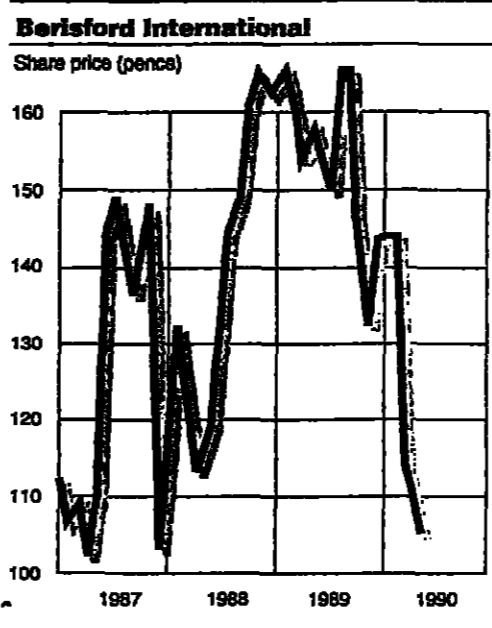
BSN venture buys Nabisco units

By William Dawkins in Paris
BRITANNIA Brands, a joint venture between BSN, the internationally ambitious French food group and Mr Rajan Pillai, the Indian industrialist, yesterday unveiled a \$180m takeover of RJR Nabisco's Asian-Pacific businesses.
The deal gives each side a half share in four biscuits and snacks companies, representing \$182m of turnover in New Zealand, Singapore, Malaysia and Hong Kong, boosting their combined annual sales in the region to \$400m.
It is the first significant push into the area for BSN, which until now has concentrated mainly on building European dominance in its main product areas: groceries, biscuits, mineral water, champagne, beer and dairy products.
BSN, meanwhile, announced a FF100m (\$17.4m) plan to start making Danone and Gervais yoghurt, cheese and desserts in East Germany and to build up its existing presence in Hungary.
The Nabisco deal brings with it Griffin Group, New Zealand's largest supplier of biscuits, salted snacks, confectionery and salad dressings. Griffin, with annual sales of \$120m, is by far the largest component of the deal.
The rest includes Peerless Foods, Singapore's second supplier of biscuits and salted snacks, Nabisco Brands Malaysia, that country's top biscuits producer, and Nabisco Brands Hong Kong. Planters and Ole nuts and snacks are among the brand names in the deal.
Mr Antoine Riboud, BSN's chairman, estimates the deal is priced at 12 times earnings.
The Nabisco deal is a huge

Things cannot go on as they are at Berisford International. This has been said for years about the ill-starred company, which owns the UK's biggest sugar producer and a host of investments in property, financial services and commodities trading. But there is no doubt now that it is true.
What is uncertain, however, is who will preside over the imminent restructuring at Berisford. Will current management be allowed to carry out its new strategy of selling everything except British Sugar and its satellite food companies, or will increasingly restless shareholders force wholesale changes at the top?

The man most likely to survive, is Mr Peter Jacobs, Berisford's chief executive since December. At British Sugar, Mr Jacobs has transformed the UK market. So far, this has benefited his own company less than it has its rival, Tate & Lyle. But now he is looking for the time - and good fortune - to redress the balance.
One man unlikely to continue in any meaningful role is Mr Ephraim Margulies, Berisford's 65-year-old chairman. In his time, "Marge" also transformed Berisford, buying British Sugar in 1983 in a deal intended to add a stable earnings flow to its volatile original business of commodities trading. In later years, however, Berisford lost its way and investments went badly wrong, especially in the Manhattan property market, where several deals were concluded on the weekend of the October 1988 crash.

Mr Margulies was caught up in the Guinness affair - alleged participation in a share-support scheme - although he has not been charged with any offence. Now the knives are out.
Mr Margulies' Foodco, the UK milling and baking giant which owns 23 per cent of Berisford, has brought the issue into the open and is attempting to rally institutions to support changes on the board. So far they have been cautious, but an exploratory meeting is expected to be held today.
ABF, controlled by George Weston Holdings of Canada, actually won a £767m takeover bid for Berisford in 1987, but declined to raise its price when the cash, it argued, then that Berisford should shed everything except food. This was rejected by the defending management which emphasised the strength of its diverse interests.
Mr Henry Bailey, ABF finance director, says: "We still believe we were absolutely right and justified in view of what subsequently transpired."
In 1988-89, Berisford Bristol, the food and agribusiness division, contributed profits before tax and interest of £111.5m, 58 per cent of the group total. Even this flattered the rest, because the sale of Berisford's stake in Billingsgate City Securities accounted for most of the £48.1m in property profits.
Taxation and £125.7m in exceptional and extraordinary charges



Ephraim Margulies, Berisford's chairman: unlikely to continue in any meaningful role

Whose hand will be on the sugar shaker?

Clay Harris on pressures for change at Berisford

from property and other non-food activities pulled Berisford into an attributable loss of £24.6m. It had to transfer another £30m from reserves to maintain its dividend.
As a result, analysts now put a higher price on British Sugar, which had a market value yesterday of £525m. Mr Carl Short of Kitcat & Aitken believes British Sugar is worth at least £500m, while Mr Michael Bourke of Prudential-Bache goes up to £750m, or £244m with a bid premium.
One reason British Sugar is worth so much now is the decision in 1986, shortly after Mr Jacobs joined from Mars, to raise prices. It had been keeping them low to squeeze Tate & Lyle. As a result, British Sugar's share price rose from £1.50 in 1986 to £2.50 in 1989. Mr Jacobs realised that British Sugar could raise prices without jeopardising its dominant position, giving room for both companies to make healthier profits. In truth, his company had little choice after an EC investigation of its supply practices towards the independent merchant Napier Brown. For Tate, the resulting surge in profits at home (and subsequent aid from Brussels) laid the foundation for the North American and European acquisition spree which made it the world's largest sweeteners group.
Since 1986, the UK premium for packet sugar has increased from £20 a tonne to £50-£70 a tonne. In

January of this year, British Sugar began to raise bulk prices. It now has the third highest margins among leading food companies in Europe, according to EuroMonitor.
British Sugar's renaissance, however, has not been achieved only by raising prices, according to Mr David Lang of Henderson Crosthwaite. Mr Jacobs has closed factories and reduced staff by one-third. British Sugar looks secure if it can shed the albatross of peripheral activities. But Mr Bailey of ABF says: "We don't know how they're going to get there from here."
Mr Bourke of Prudential-Bache sees problems in the scale of the disposal programme. The 1988-89 annual report lists 29 principal subsidiaries, affiliates and partnerships outside the food sector. "Some will not be that easy to sell and they will really have to get a move on," Mr Lang says. "The question is whether the retreat will be relatively successful like Dunkirk or whether it will resemble the retreat from Moscow or Stalingrad."
Insisting he will not be rushed into the past to push matters to a vote, he says: "We would like to get rid of them all." He hopes to be finished by September 1991.
In the near future, however, attention will focus on the composition of the Berisford board. Many institutions have come round to ABF's view that the annual spectacle of skeletons being dragged from cupboards

must come to an end. This year, it was a US director's pension scheme, last year it was Berisford's undisclosed financial exposure to a takeover bid being mounted by a US affiliate.
Of the deal in sight, says Mr Bailey, "We don't have confidence that the existing management can take us there."
But do the institutions have the nerve - or the clout - to insist on changes? The weight of the institutions' voice is much less because they've been selling out for years," says Mr Bourke. Many leading fund managers are underweight in Berisford, and probably thankful they are.
Four parties now control more than half the shares, a situation described by Mr Bourke as inherently unstable. After ABF's 23 per cent, the Pritzker family of Hyatt hotel fame owns 11 per cent friendly to the current board (on which it has two representatives). Goodman International, the Irish agribusiness group, has a similar stake. The Margulies family controls 8 to 10 per cent.
This balance of power explains why ABF has been unwilling in the past to push matters to a vote. But a consensus now seems to be building for the appointment of additional non-executive directors and a new chairman.
It remains to be seen how far institutions are willing to go. Finesse will be needed to find a solution which allows Mr Margulies to step down with dignity intact, while achieving the goal.

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INTERNATIONAL COMPANIES AND FINANCE

Scania picks France for truck plant

By William Dawkins in Paris

SAAB-SCANIA, the Swedish automotive and aerospace group, is to open a FFri.7bn (\$296m) truck-making plant in western France, on the site formerly earmarked by Japan's Subaru for an aborted project to make four-wheel-drive cars for the European market.

The Saab-Scania project is another link-up between France and the Swedish motor industry following last month's alliance between Renault and Volvo. It will create 1,500 jobs and produce 60 trucks a day within four years at a disused river, formerly owned by International Harvester, the farm machinery group.

Saab-Scania's choice, against alternatives in Britain and

northern Spain, is all the more welcome to the French Government after the loss of the smaller Subaru deal.

Fuji Heavy Industry, the Japanese industrial company which makes Subaru cars, started negotiating for the site nearly two years ago, encouraged by the city authorities, but dropped its plans last summer.

The Paris Government was initially cautious, as it is with all its relations with the Japanese car industry. But by the time it decided to welcome the Subaru deal, the Japanese company was obliged to withdraw, due to a sudden fall in its own profits.

Mr Roger Fauroux, the Industry Minister, agreed the

Swedish project last month at a meeting in Paris with Mr Leif Ostling, the general manager of the Swedish company's Scania truck division.

A ministry official said this was fresh proof of France's increasing openness, following last December's relaxation of controls on foreign investment. "We are always glad to welcome foreign partners, so long as they are fair partners," he said.

It is understood that the availability of the empty 50,000 sq metre factory was a factor. Saab-Scania has also been offered FFri.200m of government aid, just beneath the limit of 17 per cent of a project's cost set by the European Community's aid code for the automotive

industry. Saab-Scania aims to start producing 30 trucks a day with an initial workforce of 500.

The plant will produce engines and cabins, and carry out final assembly. Between 70 per cent and 80 per cent of the trucks are to be exported.

John Griffiths adds: Mr Fauroux's disclosure that Angers is the final choice of site for the project appeared to take Scania itself by surprise yesterday.

The company said: "No final decision has been taken." However, it is understood that Scania had been planning to announce the Angers decision itself within the next few days, and Mr Fauroux appears to have merely "jumped the gun."

NEWS IN BRIEF
Deutsche Bank chief takes role at Daimler

MR HILMAR Kopper, chairman of Deutsche Bank, has been chosen as the new supervisory board chairman of Daimler-Benz, according to the West German industrial group, AP-DJ reports.

Mr Kopper succeeds Mr Alfred Herrhausen, the former Deutsche Bank chief who was killed in a terrorist attack on November 30.

Deutsche Bank owns 28 per cent of Daimler-Benz, and the post of supervisory board chairman has usually been reserved for a top official from West Germany's largest bank.

Mr Lindt & Sprüngli, the Swiss quality chocolate company, posted a 28.4 per cent increase in 1989 net earnings to SFr20.6m (\$13.7m) and said it planned to raise its payout to shareholders for the fifth consecutive year.

The dividend will advance from SFr150 to SFr165 per share and from SFr15 to SFr16.50 per participation certificate. Consolidated sales climbed 12.6 per cent to SFr89.7m. Cash flow, at SFr63.4m, was ahead by 4.2 per cent.

Last year Lindt & Sprüngli opened a new production unit in the US, to which it is looking for a substantial increase in sales. In 1988 some 75 per cent of turnover was effected in France, West Germany and Switzerland.

Holderbank, the Swiss cement producer, has completed the consolidation of its North American interests under Holman, its US holding company. Holman's shares will be traded on the New York stock exchange from today, writes William Dullforce in Geneva.

The minority shareholders in Ideal Basic Industries, Denver, Colorado, approved on Wednesday a one-for-four offer of Holman shares and the merger with Holman. Holderbank already held 67 per cent of Ideal Basic stock.

Holderbank Financière Glaris in Switzerland now owns 87.2 per cent of Holman, the rest being held by the former shareholders of Ideal.

Icahn forces USX to put steel spin-off plan to vote

By Roderick Oram in New York

USX, under pressure from Mr Carl Icahn, the New York investor who has stalled the energy and steel group for over three years, has agreed to put the future of its steel business to a shareholder vote at its annual meeting next month.

The resolution proposed by Mr Icahn calls on USX to spin off its steel operations - the historic US Steel core of the group - by giving USX shareholders shares in a new steel entity as a special dividend.

USX said it was opposed to the non-binding motion, but it would consider the result of the vote when it determined the future of the corporation.

Mr Icahn and his investor group, which has a 13.3 per cent stake in USX, intends "to engage in an intensive campaign" and to spend between \$5m and \$10m to win votes for the spin-off, the group said in a

filing with the Securities and Exchange Commission.

"I think a majority of institutional investors will vote for the spin-off," said Mr David Felsch, an analyst with Prudential Bache Securities. Shares in the two parts of USX were likely to trade at a higher price than those in an undivided USX, he added.

The steel business has an asset value of around \$4bn and the resolution calls for it to carry a maximum of \$1.5bn of debt in a spin-off. Thus, with a net worth of around \$2.5bn, it would trade for about \$10 a share. The remaining energy assets would trade in the mid-\$30 range, for a combined total in the mid-\$40s. USX stock rose 7 1/4 to \$36 1/4 yesterday morning.

The steel business generated operating profits of \$430m on revenues of \$5.73bn last year, down from \$501m on \$5.81bn in

1988. The US steel industry turned into a cyclical downturn last year and analysts expect poorer results this year.

Mr Charles Corry, who took over as chairman of USX last year, has made clear on many occasions that he has no strong commitment to the steel business. He believes USX's energy interests, bought in a diversification binge in the 1980s, show more promise for growth. They turned in operating profits of \$862m on revenues of \$31.2bn last year, up from \$506m on \$28bn a year earlier.

Wall Street has been wondering for months how Mr Icahn would try to realise his investment in USX stock. He launched an abortive \$31 a share, \$7.1bn bid for USX in 1986 and has since found no way to impose his restructuring ideas on the company.

Fall into red sends BNL shares down 5%

By Haig Simonian in Milan

SHARES in Banca Nazionale del Lavoro (BNL), Italy's biggest state-owned bank, fell by 5.5 per cent yesterday following its disclosure of a loss of L486bn (\$396m) for 1989.

The loss compares with a net profit of L106bn in 1988, and follows the financial irregularities discovered at its Atlanta branch last August.

BNL has been forced to roll over the dividend on its outstanding savings shares for at least a year. Yesterday these

closed L650 lower at L11,600. The Atlanta affair lies behind BNL's decision to make a L232bn provision on its loans to less developed countries (LDCs). Earnings were also hit by a L416bn write-down on its securities portfolio. The bank has now covered more than 50 per cent of its LDC exposure against 28 per cent in 1988.

Despite last year's problems, which stemmed from the issue of some \$3bn of unauthorised letters of credit to Iraq, BNL

said its underlying banking business remained healthy. Pre-tax operating income rose by 17 per cent to L698bn, or by 44 per cent to L598bn excluding extraordinary items.

Interest income climbed by 12 per cent to L1,696bn, while fee earnings rose by a more modest 6.2 per cent to L2,550bn. The bank reported a fall in operating costs, but did not give details beyond stating that its workforce fell by 874 to 21,080 at the end of last year.

Group total assets rose by 11 per cent to L123,253bn.

Meanwhile, BNL's board has approved a change in its statutes designed to give it the character of a public limited company while retaining a dominant role for the state.

The new proposals, which have to be approved by an extraordinary shareholders' meeting next month, mean a reorganisation of responsibilities and the inclusion of probably two new senior executives.

SCA buys 5% of German paper maker

SVENSKA Cellulosa (SCA), one of Sweden's biggest paper companies, has taken a 5 per cent stake in the West German munitions-to-paper manufacturer Feldmühle Nobel, Reuter reports.

SCA said it was working with a group of Feldmühle Nobel shareholders who together control more than 20 per cent of the German company's capital.

It said it had presented Veba, the West German energy group which controls more than 50 per cent of Feldmühle, with a concept for close co-operation between SCA and Feldmühle AG, Feldmühle Nobel's paper-making division.

Storebrand back in the black

By Karen Fossell

STOREBRAND, one of Norway's top three insurance companies, bounced back into the black in 1989 after two years of losses and is proposing to restore a dividend of NKr2.40 a share.

Profits, excluding those from life insurance, before extraordinary income and allocations and after losses, reached NKr850m (\$129m) in 1989 against losses of NKr529m.

Mr Jan Erik Langangen, president, attributed the good result to a substantial improvement in domestic insurance business, partly because of mild weather and the occurrence of fewer accidents, although every profit centre and prime business area had experienced improvements.

Mr Langangen said that the prospects for this year looked good. Costs had been sharply cut and losses at Storebrand Finans, the group's troubled finance division, were reduced to NKr119m in 1989 from NKr563m in 1988. A reduction in finance activities continued according to plan, and assets had been halved to NKr4.25bn.

The company has been undergoing a two-year consolidation programme which has cut work-years by 612 in the period. A moratorium on external recruiting is in force.

Group investment income reached NKr1.18bn in 1989, against NKr927m in 1988. Realised capital gains increased to NKr351m from NKr194m. © Orkla Bergegard, the large

Norwegian industrial and investment group, increased profits before extraordinary items by 32 per cent to NKr667m (\$102m) in 1989, helped considerably by realised profits of NKr321m on the sale of securities, rental properties and shipping interests.

Group operating revenue in 1989 was NKr7.58bn, the same as in the previous year. Operating profit rose 10 per cent to NKr525m, while the group's operating margin improved to 6.9 per cent from 6.3 per cent.

Industrial activities experienced an 11 per cent rise in profits, before extraordinary items, to NKr502m. Orkla said the improvement was due to capital rationalisation and a positive operations cashflow.

Sandvik shows modest 2% rise

By Robert Taylor in Stockholm

SANDVIK, the Swedish cement and special steels group, yesterday reported a modest 2 per cent increase in profits (after financial items) last year from SKr2.81bn (\$455m) to SKr2.87bn.

Sales rose 14 per cent in 1989 to SKr13.77bn from SKr12.41bn. The board is proposing an increase in the dividend to SKr7.50 from SKr6 a share.

Sandvik said its sales growth would be held to about 5 per cent this year, and earnings should be of the "same order of magnitude" as those recorded last year. But the group admitted it was difficult to accurately predict what would happen because of the uncertainties in the Swedish economy and the signs of a weakening North American market.

The group said that the fall in nickel prices had pushed down its 1989 profits by SKr100m in the last quarter. However, Sandvik benefited from strong demand for its capital equipment products in central Europe and Japan, and orders rose 8 per cent in 1989 from SKr17.44bn to SKr18.9bn.

Steel division sales rose 21 per cent last year to SKr5.48bn from SKr4.53bn, but profits

after financial items fell to SKr420m from SKr577m. Sales in the cement and special steels division increased 11 per cent to SKr5.64bn from SKr5.09bn, bringing a modest rise in profits (after financial items) to SKr1.77bn from SKr1.56bn.

There was 17 per cent growth in process systems sales, to SKr902m from SKr769m. But the saws and tools division managed sales growth of only 1 per cent last year to SKr1.48bn from SKr1.46bn, and profits after financial items fell to SKr76m from SKr123m.

Price war slices 69% off Avesta profits

By John Burton in Stockholm

AVESTA, the Swedish stainless steel group, reported a 69 per cent slide in profits after financial items to SKr406m (\$66m) in 1989 from SKr1.3bn. The company was buffeted by a price-cutting war and falling stock values.

Turnover increased by 23 per cent to SKr9.45bn, despite a 5 per cent decline in sales volume. The dividend is unchanged at SKr1.50 a share.

Falling nickel prices reduced the value of Avesta's stocks by SKr140m after their value climbed SKr580m in 1988. Excluding stock valuation changes, profits fell 30 per cent to SKr546m from SKr788m.

Orders surged for Avesta in late 1988, as companies built

up stockpiles in anticipation of stainless steel prices rising due to higher nickel prices. But when those prices fell last spring, companies began cutting their inventories, weakening market demand and forcing stainless steel producers to reduce profit margins.

Avesta predicted a further profit fall in 1990.

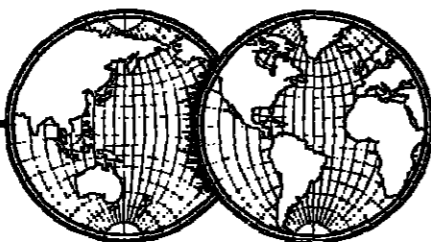
BRIERLEY INVESTMENTS LIMITED

Interim Profit

ANNOUNCEMENT

	HALF YEAR TO 31 DEC 89	HALF YEAR TO 31 DEC 88	FULL YEAR TO 30 JUNE 89
Profit Before Tax and Minorities	£135.6m	£120.4m	£246.6m
Adjusted Earnings Per Share*	3.7p	3.4p	7.4p
Adjusted Dividends Per Share*	1.9p	1.4p	3.7p
Shareholders' Funds	£986m	£828m	£916m
Capital Funds	£1,565m	£1,966m	£1,620m
Net Debt to Capital Funds	70.8%	93.3%	67.2%

*Adjusted for bonus issues and bonus elements of cash issues
Interim figures are unaudited



FOR FURTHER INFORMATION ON BIL, OR A COPY OF THE INTERIM REPORT, PLEASE CONTACT:

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INTERNATIONAL COMPANIES AND FINANCE

MHI gives Boeing assurance over talks

By Stefan Wagstyl in Tokyo

MITSUBISHI Heavy Industries (MHI), the Japanese engineering group which together with other Mitsubishi companies has started talks on possible collaboration with West German's Daimler-Benz, has told Boeing, the US aircraft maker, that the discussions will not disrupt their business relations.

"Boeing, which is a big buyer of parts from MHI, asked for an assurance earlier this week after the announcement of talks between four companies in the Mitsubishi industrial group and Daimler-Benz."

MHI said yesterday that Boeing's request had come during the course of normal contact between the two groups.

MHI makes parts for the Boeing 747 and is in charge of production of the rear fuselage and doors for the Boeing 767. The group's commercial aircraft operation accounted for ¥15bn (\$99.2m) in sales or 1 per cent of total turnover. Some 90 per cent of its aircraft sales are military.

However, Boeing has been steadily increasing the scale of Japanese companies' involvement in its production. It invited MHI and others to join in the manufacture of a 150-seater aircraft code-named the 737, a project which has since been shelved, and is currently discussing collaboration over a much bigger project, the 747-400, a 300-350 seater expanded version of the 747.

The Mitsubishi partners have said that talks with Daimler-Benz will be wide ranging. MHI Japanese and other companies believe the Japanese chief focus is to collaborate in aerospace.

Japanese companies value the Boeing business but want to play a role in the development of aircraft and the manufacture of key parts. One attraction of Daimler-Benz as a partner is that it is a member of the consortium controlling the European Airbus.

BIL advances 7% despite difficult financial climate

By Terry Hall in Wellington

BRIERLEY Investments (BIL), the New Zealand investment company, yesterday announced a 7 per cent rise in after-tax earnings to NZ\$188.21m (US\$110.8m) for the six months to September 30 last year, with Mr Bruce Hancock, chairman, emphasising the underlying quality of the result.

He said a big cut in debt levels led to a fall in funding costs and overheads to NZ\$139m from NZ\$399m, in spite of rising international interest rates. The group's emphasis on retaining high liquidity meant it had NZ\$30m in cash and uncommitted undrawn credit and the quality of the international equity portfolio had improved.

Mr Hancock said the present troubled environment was not unusual. The group's investment in the US was worth more than BIL had originally paid. "We will not be deterred by unwarranted and frivolous scaremongering attacks from implementing our investment policies."

The company said BIL regarded the increase in its investment in Mount Char-lotte, the UK hotel group, to 28 per cent as an excellent long term one.

Commenting on rumours

existing investments in a positive but aggressive manner."

Mr Hancock, at his first briefing as chairman after the retirement of Sir Ron Brierley, emphasised that there was no change of direction or philosophy. He said Sir Ron remained deeply involved and was at present in London handling the bid to make Vickers a better performing stock for all its shareholders.

"We give value to our shareholders: we want Vickers to do so too," he said arguing in favour of resolutions to be submitted at the coming meeting which "will see Rolls Royce have a separate listing."

He said BIL was convinced the shareholdings in Vickers, and the contested 15 per cent Cummins Engineering investment in the US were worth more than BIL had originally paid. "We will not be deterred by unwarranted and frivolous scaremongering attacks from implementing our investment policies."

The company said BIL regarded the increase in its investment in Mount Char-lotte, the UK hotel group, to 28 per cent as an excellent long term one.

Commenting on rumours

that it was considering selling its investment in TKM, the UK offshoot, it said that TKM continued to perform above expectations and was developing in global importance, including Australia.

BIL's philosophy was to only dispose of mature assets that had reached full strategic value.

Mr Hancock said there would be no big changes in BIL during the next 12 months. The clear objective was to buy assets in the UK and the US, and Mr Hancock said it would also look more to Australia "where we can attack the equity market and make a better job of it."

Mr Hancock also described the result of Industrial Equity Pacific at HK\$364m (US\$109.2m), slightly below last year's HK\$393m as a "better quality result." Its UK-based car offshoot performed well, contributing a profit of HK\$455m.

BIL's turnover was NZ\$85.06m against NZ\$64.46m and operating profit NZ\$28.06m, compared with NZ\$27.57m against NZ\$24.35m. An interim dividend of 4.5 cents is proposed compared with 5 cents last time.

Commenting on rumours

Hang Seng Bank lifts profits

By John Elliott in Hong Kong

HANG SENG Bank, a quoted subsidiary of Hongkong Banking Corporation and operator of the colony's largest retail branch network, yesterday reported consolidated profits after tax and undisclosed reserves of HK\$1.62bn (US\$232m).

This was 18.5 per cent above the 1988 figure of HK\$1.54bn and follows a trend set by the Bank of East Asia. The Hongkong and Shanghai publishes its results next week when it is expected to break with tradition and release details of its inner reserves.

At the end of last year, the

Hang Seng group's total assets stood at HK\$175.52bn against HK\$123.67bn a year earlier. A property revaluation last year revealed a consolidated surplus of HK\$4.73bn.

The bank plans to transfer HK\$250m to general reserves and to pay a final dividend of 93 cents a share making a total of HK\$1.20 for the year. Total distribution for the year represents an effective 20 per cent increase over 1988 when a one-for-five scrip issue last April is taken into account. A further one-for-five bonus issue is being proposed.

Wardley Holdings, the Hong-

kong and Shanghai's merchant banking arm, yesterday announced a 10 per cent increase in net profits to HK\$321.7m against HK\$473.2m in 1988. A dividend of HK\$370m is due to the parent company.

© Hongkong Land Holdings, a subsidiary of the Jardine Matheson with property assets concentrated in the colony, yesterday announced that it is seeking property developments in Bangkok. It has agreed to form a joint venture company in Thailand called Land One with Halthai Holding and Finance One. Each partner will have a one-third stake.

AMIC

Attributable earnings increase by 26 per cent. Dividends raised from 290 to 350 cents per share.

Extracts from the statement by the Chairman, Mr W.G. Boustred

Results for the year

The Group's attributable earnings of R653 million for the year ended December 31 1989 were 26 per cent higher than those for the previous year.

Following an extremely buoyant first half, earnings growth progressively slowed towards the year end reflecting subdued demand in the local market, and lower commodity prices in world markets, although the latter were offset to a degree by the weakening of the rand/dollar exchange rate.

The Group has continued its policy of increasing production capacity and product quality within its core businesses. Substantial development programmes are under way, particularly at Mondi, Highveld and Scaw and total capital expenditure for the year amounted to R831 million compared to R432 million in 1988. Despite this high level of expenditure the debt to equity ratio of the Group reduced from 25 per cent to 20 per cent.

Economic review

In the first half of 1989, total real domestic demand in South Africa remained firm. However, monetary and fiscal policies became progressively more restrictive, and this resulted in a gradual reduction in demand from mid-year.

Overall, the volume of manufacturing during the whole of 1989 was marginally higher than the previous year, but a weakening trend was evident and by December it had fallen well below the peak achieved in the second quarter.

This deterioration in business conditions was anticipated in last year's review. It was clear at the time that larger surpluses on the current account of the balance of payments would have to be generated to meet foreign debt commitments and augment depleted foreign exchange reserves. Modest improvements have occurred in recent months, but future developments remain critically dependent on the gold price and net foreign capital flows.

While prospects with respect to the second of these variables have been greatly enhanced by recent political events, it is nevertheless clear that the authorities will have to ensure that domestic demand remains subdued until a sound platform for renewed growth has been established. In particular, foreign exchange reserves must be raised to an acceptable level and inflationary pressures reduced substantially. Thus internal markets are likely to remain depressed for some time yet, and these conditions may well be aggravated by continued weakness in prices on external markets. However, sustained modest growth in the major industrial nations should enable some sectors to increase export volumes provided a further marked appreciation of the rand does not occur.

As a result of the uncertainties emanating directly from the political arena, industrialists in South Africa have had to contend with considerable volatility in the application of economic policies when making investment decisions, often involving large sums of money and long lead times. Industrialists must accept many risks as a normal function of private enterprise. However, in order to foster and encourage new

investment - and the additional export potential and employment opportunities this would bring - it is Government's responsibility to provide as reasonable a degree of stability in its industrial policies as possible. Within the last year there have been a large number of ad hoc and "ad hoc" decisions in relation to the export surcharge, depreciation allowances and export incentives. In order to ensure the export oriented investment climate which it is dedicated to create, it is vital that Government works towards longer-term sustainable strategies which can be relied upon by industry with a degree of confidence.

Industrial relations

Management continues to support the development of ongoing relationships with trade unions with a view to the constructive resolution of problems and dispute settlement. During the year under review most companies associated with Amic concluded annual wage negotiations with relatively few disputes being declared despite the very difficult economic circumstances.

Government has started a process whereby all South Africans will be able to exercise constructive political influence through appropriate political organisations and these measures should give further impetus to the need for the trade union movement to focus on the economic concerns of its membership. Employers are increasingly concerned about the incidence of violence and intimidation in the workplace. Every effort to resolve the tragic level of violence in affected communities must be pursued by all interested parties, including management and the trade union movement.

Following the encouraging response by employees to the initial invitation to participate in The Anglo American Group Employee Shareholder Scheme, Group companies offered the second annual tranche of Anglo American Corporation shares to eligible employees in 1989. Of a total of 18 959 eligible employees, 16 287, equivalent to 86 per cent (82 per cent) accepted. Group companies are about to offer the third annual tranche of shares.

Outlook for 1990

The initiatives undertaken by the State President and the political process which is now under way will hopefully result in the normalisation of South African relationships with overseas trading partners. Whilst it is not possible to forecast when sanctions will be lifted, once Amic's exporting companies are able to trade freely throughout the world, particularly in North America and Europe, the Group's should benefit significantly.

As matters now stand, 1990 will be a difficult year. It is clear that Government is determined in its efforts to bring the domestic economy under control and to reduce inflation. Whilst in the longer-term this must be to the benefit of the country as a whole, the short-term effects will continue to restrain business activity. The current high value of the rand together with the expectation that world basic commodity markets will remain subdued throughout the year will put further pressure on the Group's operating margins. In these circumstances it will prove difficult to sustain earnings at the levels achieved during the last year but management has set maintained group earnings as an objective for 1990.

Results

The following are the results of the corporation and its subsidiaries for the year ended December 31 1989:

	1989 R million	1988 R million
Turnover	5 777	4 728
Earnings from operations	1 128	847
Share of earnings of associated companies	263	218
Dividends	102	80
Retained earnings	161	138
Income from investments and interest earned	92	75
	1 483	1 140
Finance lease charges	71	78
Interest paid	55	57
	126	113
Earnings before taxation	1 357	1 027
Taxation (Note 1)	444	337
Earnings after taxation	913	690
Outside shareholders' interest in earnings of subsidiaries	268	173
Earnings attributable to ordinary shareholders	645	517
Extraordinary items (Note 3)	(19)	(2)
	626	515
Ordinary dividends	189	156
Interim	39	46
Final	150	110
Retained earnings	446	359
Number of ordinary shares in issue (000)	53 940	53 860
Earnings per ordinary share - cents	1 213	963
Dividends per ordinary share - cents	350	290
Interim	110	85
Final	240	205

*Based on weighted average number of 53 907 089 ordinary shares in issue for the year.

Notes:

- The taxation charge includes deferred tax provisions, based on the comprehensive method, of R176 million (1988: R242 million).
- At December 31 1989 all foreign currency loans taken up by Amic's subsidiary companies were fully covered by forward exchange contracts.
- In the period under review, the group has brought to account extraordinary charges of R18 million (1988: R2 million). These relate to the group's share of extraordinary losses in subsidiaries and associates and the write off of net premium on acquisition of subsidiary companies.

Amic's twenty-sixth annual report for the year ended December 31 1989 will be posted to the members on or about March 16 1990.

Dividend

On Thursday, March 8 1990, the directors of the corporation declared that dividend No 52 on the ordinary shares as follows:

Amount (South African currency)	240 cents per share
Last day to register for dividend (and for changes of address or dividend instructions)	Friday, March 23
Registers closed from (to inclusive)	Saturday, March 24 Saturday, April 7
Ex-dividend on The Johannesburg Stock Exchange and on The Stock Exchange - London	Monday, March 26
Currency conversion date for sterling payments to shareholders paid from London	Tuesday, March 27
Dividend warrants posted	Thursday, April 26
Payment date of dividend	Friday, April 27
Rate of non-resident shareholders' tax	15 per cent

The full conditions relating to the dividend may be inspected at the Johannesburg and London offices of the corporation and its transfer secretaries.

By order of the board

Anglo American Corporation of South Africa Limited
Secretaries

per: D J Allison
Divisional Secretary

Transfer Secretaries
Consolidated Share Registrars Limited
1st Floor - Edura
40 Commissioner Street, Johannesburg 2001
(PO Box 61061 Marshalltown 2107)
South Africa

Barclays Registrars Limited
6 Greenside Place
London SW1P 1PL

Registered Office
44 Main Street
Johannesburg 2001
(PO Box 61587
Marshalltown 2107)
South Africa
London Office
40 Holborn Viaduct
London EC1P 1AJ

March 9 1990



Asatsu sets its sights overseas

Alice Rawsthorn looks at an expanding Japanese advertising agency

Dotted among the neon signs of the department stores and office blocks in the Ginza district of Tokyo are a dozen or so offices bearing the blue arrow of Asatsu, Japan's only publicly quoted advertising agency.

In the 1980s Asatsu emerged as one of the fastest growing Japanese agencies. It is setting its sights on a wider arena in the 1990s by venturing beyond Japan into the international advertising industry.

Asatsu is negotiating with Omnicom, the big US marketing group, to turn its small stake in the US company into a significant minority shareholding. If Asatsu succeeds, it will become the first Japanese advertising agency to make a significant investment in a western marketing group.

Until recently the Japanese agencies have concentrated on their domestic market. They

are now becoming more ambitious about overseas expansion. Dentsu and Hakuhodo, the largest players in Japanese advertising, recently announced plans to become more active overseas. Tokyo and Daito - which are said to be considering going public - could follow suit.

The Japanese advertising market - the second largest in the world after the US - has been extraordinarily buoyant in recent years. Yet at a time when US and UK agencies were enveloped in acquisitions to establish networks in other countries, the Japanese limited their international activities to modest joint ventures with western agencies, mostly operating only in Japan.

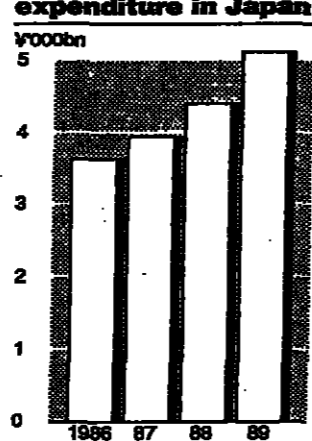
Asatsu was no exception. It has grown at a rapid rate since its formation in the 1950s to become Japan's fifth biggest advertising agency with billings of ¥112.4bn (\$750m) last year. It made pre-tax profits of ¥3.8bn on sales of ¥96.3bn in 1988. Yet it makes less than 1 per cent of its billings outside Japan.

Asatsu is linked to a western agency through the joint venture it formed with BBDO, the US agency, six years ago. Under the terms of their agreement BBDO took 10 per cent of Asatsu's shares and the Japanese agency held a small stake in its US partner. This stake turned into a 1.5 per cent holding in Omnicom when BBDO merged with Doyle Dane Bernbach and DDB-Needham two years ago.

In theory the liaison with BBDO should have enabled Asatsu to establish an international presence. In practice the main benefit is that it has offered an *entrée* to international companies coming into Japan, such as Mercedes-Benz of West Germany and Dunhill of the UK - rather than involving Asatsu in international campaigns.

Asatsu is now determined to

Advertising expenditure in Japan



increase its interests outside Japan. One reason is that the idiosyncratic structure of the Japanese advertising industry - and the power of Dentsu and Hakuhodo - makes it difficult for other agencies, such as Asatsu, to expand in the domestic market.

Dentsu and Hakuhodo are responsible for 24 and 10 per cent of all Japanese advertising expenditure. The sheer scale of their media buying power - combined with their political influence - means that they almost always command the best spots on television and the best spaces in the press. They also dominate the market for programme sponsorship.

This makes it difficult for other agencies to gain access to the media. Asatsu has tackled this problem by developing an expertise in cartoons and in sales promotion. As a result it became the fastest growing agency in the Japanese top 10 during the 1980s. But its market share - at 4 per cent - is still far lower than that of Dentsu and Hakuhodo.

Moreover the Japanese advertising market is becoming increasingly competitive.

Year	Billings	Net profit	Employees
1984	¥56.8bn	¥540m	540
1985	¥61.2bn	¥600m	583
1986	¥67.5bn	¥660m	617
1987	¥80.2bn	¥723m	680
1988	¥96.3bn	¥1008m	755

Source: Asatsu

SOCIÉTÉ CONCESSIONNAIRE FRANÇAISE POUR LA CONSTRUCTION ET L'EXPLOITATION DU TUNNEL ROUTIER SOUS LE MONT-BLANC

PPF 484,000,000 FLOATING RATE NOTES 1987-1987

In accordance with the provisions of the French law, notice is hereby given that the rate of interest for the period from February 28, 1990 to May 30, 1990 has been fixed at 11.10% per cent per annum.

On 31 May, 1990 interest of PPF 280,000 per PPF 10,000 nominal amount of the notes, and interest of PPF 2,800,000 per PPF 100,000 nominal amount of the notes will be paid against coupon no. 17.

Notice to holders, including notices relating to the quarterly determination of interest rates, will be published only in "L'Agence Economique et Financière" (Paris) and in "The Financial Times" (London).

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme

PRUDENTIAL
Floating Rate Notes Due 1995

Interest Rate 11.35% p.a.

Interest Period 30 March 1990 to 30 June 1990

Interest Amount per £1000 Floating Rate 12.0000

First Date 30 June 1990

Leads Index First Dates Limited

Bank of Greece
Athens, Greece
U.S. \$250,000,000
Floating Rate Notes due 1999

For the six months 8th March, 1990 to 10th September, 1990, the Notes will carry an interest rate of 8 1/2% per annum with a coupon amount of U.S. \$452.08 per U.S. \$10,000 Note, payable on 10th September, 1990.

Bankers Trust Company, London
Agent Bank

Citizens Federal Savings and Loan Association
U.S. \$100,000,000
Collateralized Floating Rate Notes due 1996

For the six months 8th March, 1990 to 10th September, 1990, the Notes will carry an interest rate of 8.125% per annum and an interest amount of U.S. \$125.36 per U.S. \$25,000 Note.

Bankers Trust Company, London
Agent Bank

FAR EAST GROWTH FUND
Société d'Investissement à Capital Variable
10A, Boulevard Royal - Luxembourg
R.C. Luxembourg B 24.659

DIVIDEND NOTICE

The Annual General Meeting of Shareholders of Far East Growth Fund held on 26 March, 1990, have unanimously decided to distribute the income received during the financial year to 31st December, 1989, by assigning to shareholders USD 1.50 per share held on 7th March, 1990.

The dividend will be paid to "A" class shareholders from 14th March, 1990 against presentation of the coupon No 2 to the Paying Agent, Europe Finance Luxembourg, 10A, Boulevard Royal, Luxembourg. For the "B" class shareholders, the dividend will be capitalised in the next month value per B share.

Dividend cheques will be sent to registered "A" shareholders.

The dividends not claimed by the "A" shareholders within 5 years of the printed date will lapse and revert to the Fund.

Luxembourg, 7th March, 1990
Far East Growth Fund
J. PIERSON
Secretary

Consolidated Gold Fields Finance PLC
£75,000,000
Guaranteed Floating Rate Notes 1995

unconditionally guaranteed by
Consolidated Gold Fields PLC

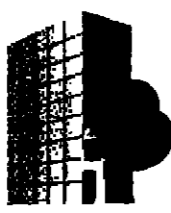
In accordance with the provisions of the Notes, notice is hereby given that, for the three months period, 7th March, 1990 to 7th June, 1990, the Notes will bear interest at the rate of 12 1/2% per cent, per annum. Coupon No. 21 will therefore be payable on 7th June, 1990 at £1,953.42 per coupon from Notes of £50,000 nominal and £195.34 per coupon from Notes of £5,000 nominal.

S.G. Warburg & Co. Ltd.
Agent Bank

Handwritten note: 1004 601 350

This announcement appears as a matter of record only

February 1990



**SEZIONE
AUTONOMA
DI CREDITO
FONDIARIO**

presso la Banca Nazionale del Lavoro

**ECU 300,000,000
Medium Term Facility**

**Arranger
BNL Investment Bank plc**

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Barclays Bank PLC Deutsche Bank Luxembourg S.A.
Hill Samuel Bank Limited The Mitsubishi Bank, Limited
The Sanwa Bank, Limited The Sumitomo Bank, Limited
Australia and New Zealand Banking Group Limited Crédit Agricole

Co-Lead Managers

IMB Bank AG DG Bank Luxembourg S.A.
Commerzbank Aktiengesellschaft Mitsubishi Trust & Banking Corporation (Europe) S.A.
Mitsui Finance International Limited The Daiwa Bank, Limited
The Sumitomo Trust & Banking Co., Ltd.

Managers

Cabaz Geral de Depósitos Kansallis Bank Group
BACOB Savings Bank s.c. Landesbank Rheinland-Pfalz International S.A.

Participants

The Kyowa Bank, Ltd. Bank für Österreich und Salzburg (Österreich)
Landesbank Schleswig-Holstein International S.A.
Société Générale Alsacienne de Banque Gulf Riyad Bank E.C.

Agent

The Sanwa Bank, Limited

BNL Investment Bank plc

**To Holders of
The Nishi-Nippon Bank, Ltd.**

U.S. \$70,000,000

**2% per cent. Convertible Bonds Due 2003
Notice of Free Distribution of Shares**

Pursuant to sub-clauses (B) and (C) of Clause 6 of the Trust Deed dated 19th February, 1988, under which the above described Bonds (the "Bonds") were issued, notice is hereby given that the Board of Directors of The Nishi-Nippon Bank, Ltd. (the "Bank") at its meeting held on 23rd February, 1990 resolved that the Bank make a free distribution of shares of the Bank's common stock on 21st May, 1990, Japan time, to its shareholders of record on 31st March, 1990 (the "Record Date"), at the ratio of 0.08 shares of the Bank's common stock for each one share held by such shareholders. The transfer agent of the Bank will be closed on the Record Date. Therefore, in order for a shareholder to be entitled to this distribution he must be registered with the Bank's register of shareholders at or prior to 17.00 hours, Japan time, on 30th March, 1990.

As a result of such free distribution, the conversion price of the Bonds (currently 724.5 Japanese yen per share) will be reduced to 670.8 Japanese yen per share, effective as at 1st April, 1990 which is the day immediately following the Record Date, pursuant to Condition 4(C)(i) of the Terms and Conditions of the Bonds.

The Daiwa Bank, Limited
on behalf of
THE NISHI-NIPPON BANK, LTD.

9th March, 1990

**ISTITUTO
BANCARIO
SAN PAOLO DI
TORINO**

LONDON BRANCH

¥7,000,000,000

Floating Rate

Depository Receipts

due 1994

issued by The Law Debenture
Trust Corporation p.l.c.
evidencing entitlement to
payment of principal and
interest in respect of deposits
with Istituto Bancario
San Paolo di Torino,
London Branch

Notice is hereby given that the
Rate of Interest for the Interest
Period from 9th March,
1990 to 9th September, 1990 is
7.17% per annum.

Interest payable on
10th September, 1990 will
amount to ¥1,807,233 per
¥50,000,000 principal amount
of the Receipts.

Agent Bank
The Long-Term Credit Bank
of Japan, Limited
Tokyo

This announcement appears as a matter of record only

US\$88,000,000

The Malaysia Capital Fund Limited

An exempted company incorporated with limited liability in the Cayman Islands
managed by

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which is a wholly-owned subsidiary of Pierson, Holding & Pierson N.V.

Placing of 17,600 Units at a price of US\$5,225 per Unit payable in full on allocation
Each Unit consists of 500 Ordinary Shares and 100 Warrants each to subscribe for
one Ordinary Share at US\$10 per share

Citicorp Scrimgeour Vickers Asia Pacific Limited

Pierson, Holding & Pierson N.V. Dongsuh Securities Co., Ltd.

County NatWest Limited

Ichiyoshi International (H.K.) Limited

Towa International Limited

BBMB Securities Sdn Bhd
Korea Kuwait Banking Corporation

Cho Hung Finance Ltd
Marusan Europe Limited
Pacific Securities Co., Ltd.

Cosmo Securities (Europe) Limited
Miko Europe Limited

Lead managed and arranged by

CITICORP INTERNATIONAL LIMITED

March 1990.

Campeau to default on key loans

A STRUGGLE over the future of ailing Campeau Corp surfaced yesterday with the Canadian real estate and retailing group's decision to default on loans from two of its key creditors, writes Bernard Simon in Toronto.

The default gives the two lenders, Olympia & York Developments of Toronto and US shopping mall developer Edward J DeBartolo Corp, the right to sell, with nine days' notice, assets pledged as collateral for the loans. The collateral includes Campeau's stores in Ralphs, a large California supermarket chain.

Campeau said yesterday it is not making interest payments due on loans totalling US\$705m from O&Y and DeBartolo.

The loans were originally negotiated to support Campeau's US department store unit, Federated Stores, which filed for protection from its creditors in January.

The payments owing, which came due last week but were deferred until Wednesday, total a relatively modest US\$5.2m. Campeau said yesterday it was able to meet the obligations but wanted to defer them while working on a long-term business plan to include all creditors.

Campeau's decision to withhold the payments stemmed from the failure to reach agreement with DeBartolo on a further deferral. While terms were agreed with O&Y, DeBartolo has insisted on a shorter deferral than the company was willing to concede.

With its loans secured by the Ralphs equity, DeBartolo appears to feel it is in a stronger position than O&Y to demand interest payments. Although the O&Y loans are secured by real estate, the Toronto developer has a wider involvement with Campeau, including a 10 per cent equity interest and about US\$360m in unsecured loans.

On the other hand, the Ralphs shares are owned by a Federated holding company. DeBartolo would need to go through a US bankruptcy court to seize them. Campeau said it expected to continue talks with O&Y and DeBartolo. The company needs to lighten its debt load appreciably if it is to survive.

Hilton shares fall 20% after sale abandoned

By Anatole Kaletsky in New York

HILTON Hotels shares plunged almost 20 per cent at the start of trading yesterday morning as Wall Street reacted to Wednesday night's announcement the hotel and gaming company was no longer for sale.

Hilton's directors said they were abandoning the auction process which they had launched last August because of the disappointing level of bids received.

When Hilton put itself up for sale last summer, its shares jumped from \$80 to more than \$100 and Wall Street analysts were almost unanimous in projecting takeover values of \$120 or more. These estimates implied a value of \$60m for the group's 270 hotels and three Nevada casinos.

However, after yesterday morning's fall of 11%, Hilton shares were back to \$49%, almost exactly where they were a year ago before the bid speculation started. At this level, the stock market puts a value of only \$2.4m on Hilton's many prestigious properties and brand name.

Apple in new Mac launch

By Louise Kehoe in San Francisco

APPLE Computer is planning to launch a high-performance model of its Macintosh personal computer this month, along with software upgrades.

The new products should strengthen its competitive position at the top end of the personal computer market and enhance its opportunities in the lucrative US government market.

The company has been plagued by negative reports of management turmoil, with two of its top executives resigning in the past four weeks.

Last month it also announced extensive cost-cutting measures, including 400 layoffs following disappointing quarterly earnings.

The cuts appear to have created a serious morale problem among Apple employees. Resentment has been fuelled by reports of multi-million dollar hiring bonuses and "golden parachute payments" made to senior executives.

The new machine uses the latest, and fastest, version of Motorola's 68030, almost twice as fast as the chip used in Apple's current top of the line Macintosh.

Nationalism rising in regulation

Bernard Simon examines the Canadian obstacles facing British Gas

The hurdles which British Gas must overcome to finalise its proposed C\$1.1bn (US\$932m) purchase of Consumers Gas of Toronto are reflected in a flurry of political opposition to the deal and a lukewarm reaction in the investment community.

The prospect of Canada's biggest gas distributor being taken over by a foreign company was quickly criticised by Canadian nationalists after the announcement of the Britgas offer on Wednesday. The critics pointed to growing foreign involvement in the Canadian energy industry, especially in the wake of the US-Canada free trade agreement which is widely expected to lead to closer integration of the two North American economies.

Mr David Peterson, premier of Ontario, whose Government has a veto over the takeover, said while he was unwilling to comment on the specifics of the Britgas offer, "in general terms I'm not in favour of foreign takeovers."

On the Toronto stock exchange, Consumers Gas shares were trading yesterday well below Britgas's offer of C\$34 a share. At mid-morning the shares were bid at C\$31.13. Mr Robert Hastings, utilities

analyst at Richardson Green-shields in Toronto, said the gap reflects concern at possible delays as the bid winds its way through the regulatory process, and the risk that Britgas may have to change the terms of the offer to meet regulatory conditions.

Britgas estimates that its offer is 12.2 times Consumers' expected earnings and about 1.7 times book value. The purchase price will be adjusted upwards if Consumers succeeds in current efforts to dispose of two non-utility businesses, a chain of nursing and retirement homes, and its exploration and development arm, Telesis Oil & Gas. Telesis supplies about 2 per cent of its gas, and is also a small oil producer (production last year was a modest 263,000 barrels).

Britgas needs to cross two main regulatory hurdles in Canada. A federal government agency, Investment Canada, screens all large foreign takeovers using the yardstick that the new investment must be of net benefit to the country. In line with the Progressive Conservative Government's policy of encouraging foreign capital, no investor has been turned away by the agency since it was formed five years ago. But

imposing conditions on such matters as employment security and transfer of technology, has become routine in large, sensitive transactions.

Both Britgas and Consumers have indicated that they view access to the British company's research and development capability as a key benefit of the takeover. The Consumers deal will also be scrutinised by the Ontario Energy Board, which reports to the Ontario Government.

An official of the board said yesterday that it will hold public hearings on the Britgas purchase and will consult a wide range of interest groups, including Consumers' Gas employees, local communities, investors and other companies doing business with Consumers. The board provides financial assistance to interest groups which would not otherwise be able to afford representation at its hearings.

The OEB hearings, in particular, are likely to be time-consuming. The board submitted a report in January on a less controversial application, involving a buyer in British Columbia, submitted last August. The Government has yet to announce its decision.

Both Britgas and Consum-

ers' present controlling shareholder, G.W. Utilities, have the right to terminate the transaction if regulatory approvals are not received by Dec 31. Consumers' service area includes the most prosperous part of Canada, including Toronto and Lake Ontario. The company has added 90,000 new customers in the past two years, bringing the total to a little over 1m. Natural gas has become an increasingly popular fuel in recent years.

The buoyant growth of the southern Ontario economy has pushed Consumers' earnings steadily upward. Net income climbed by 7 per cent to C\$102.8m, or C\$2.82 a share, in the year ended September 30 1989 on revenues of C\$1.8bn. But Mr Hastings expects earnings to fall back to C\$2.75 per share in the present year.

Consumers' business has been partly deregulated in the past five years. Customers can now buy gas from whatever source they please, a route taken by about 450 of Consumers' biggest customers, accounting for about 35 per cent of its total deliveries, while the company continues to have a monopoly on delivering the gas within its service area.

Exxon rejects environment plans

By Roderick Oram in New York

EXXON urged shareholders yesterday to vote against six proposals on environmental issues which appear in proxy materials for its April 23 annual meeting.

The proposals, stemming from Exxon's Alaskan oil spill last year, seek to make the company more accountable for its environmental record.

Exxon's opposition to the proposals, laid out in the proxy materials, rests on its belief that its policies and practices already address or are superior to the actions urged.

Five of the proxy demands cover a wide range of environmental issues while the sixth is a vote to endorse the Valdez Principles, a 10-point environmental code for corporations published last September by a coalition of US environmental groups.

Exxon advised shareholders

to vote against the principles because "over many years the corporation has developed a wide range of management practices which are designed to achieve this broadly stated objective," it said in the proxy statement.

Activists had tried to submit the principles to a shareholder vote at 25 companies during the coming annual meeting season, according to Mr Doug Cogan of the Investor Responsibility Research Centre, a Washington organisation that tracks shareholder issues for 400 institutional investors.

Of the 22, 12 companies agreed to make the environmental reports called for in the principles so the proxy vote was withdrawn. The proxy material was rejected by the Securities and Exchange Commission for five other companies for technical reasons.

Shareholders will vote on

the principles at the five remaining companies: Exxon, Arco, Kerr-McGee, American Express and Union Pacific.

"Many companies find it hard to disagree with many of the principles espoused in the Valdez document," said Mr Cogan. "They are largely worded and embrace universal, controversial ideas. The first, for example, calls on companies to 'minimise and strive to eliminate the release of any pollutant that may cause environmental damage.'"

Companies have resisted the ninth and tenth principles. One calls for the election to a company's board "a person qualified to represent environmental interests." The other for publication of an annual review by the company of its progress in implementing the principles and meeting environmental laws.

Shearson to lay off more

By Janet Bush in New York

SHEARSON Lehman Hutton, the troubled Wall Street securities house, said yesterday it was laying off around 18 per cent of its investment banking staff.

The latest redundancies come only a week after the company said it would reduce its 35,500 staff by at least 2,000 and aimed to achieve these job cuts this month.

American Express, which owns 61 per cent of the Wall Street house, has poured \$1.36bn into its brokerage subsidiary over the past two months and last Sunday said it would buy back all publicly held shares of Shearson.

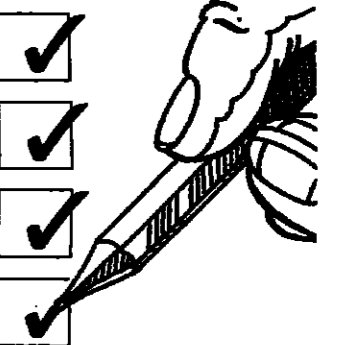
Cuts in Shearson's investment banking staff are extensive. Around 150 of its 750 professionals are losing their jobs as well as around 70 out of 350 support staff.

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THE BELFRY, renowned venue of the Johnnie Walker Ryder Cup Matches and strategically located in the centre of the country.

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COST EFFECTIVE, with inclusive packages from £99+VAT per person.



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FINANCIAL & PROFESSIONAL SERVICES IN S.E. WALES

The Financial Times proposes to publish a Survey on the above on

11 APRIL 1990

For a full editorial synopsis and advertisement details, please contact:

CLIVE RADFORD

on (0272) 292565

or write to him at:

Merchants House, Wapping Road,
BRISTOL BS1 4RW

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER



(Progress)

Daiwa Securities' European results speak for themselves.

In 1989, Daiwa Europe was ranked:

- FIRST** in International Syndicated Equities underwriting.
- Second** in all Eurobond issues.
- FIRST** among Japanese Houses in underwriting for UK corporate borrowers.
- Second** in all Euroyen fixed rate issues.
- FIRST** among Japanese Houses in Euro Commercial Paper.
- FIRST** ever multiple offering of foreign stock in Japan – the UK Water Privatisation Issue. This was also the largest ever Initial Public Offering of foreign stock in Japan.

DAIWA
Daiwa Europe Limited

5 KING WILLIAM STREET, LONDON EC4N 7AX. TELEPHONE: 01-548 8080.

This advertisement has been issued by Daiwa Europe Limited, a member of the ISA and the AFDD.

Norma Cohen on reaction to recent commercial paper defaults

A pie chart illustrating the distribution of the sample. The chart is divided into three segments: a large white segment representing 'Unrated' at 55%, a hatched segment representing 'A1+/A1/P1' at 40%, and a small black segment representing 'A2/P2/A3/P3' at 5%. Each segment has a leader line pointing to its respective label.

Category	Percentage
Unrated	55%
A1+/A1/P1	40%
A2/P2/A3/P3	5%

Source: Euronomy Newsroom/CMA

However, the rating agencies are now urging investors not to place too much faith in those lines of credit. In an extensive report, Moody's recently expressed concern about the erosion in the predictability and reliability of bank funding sources for Government. As the demand for short-term instruments has grown, the provision of alternate liquidity has deteriorated," Moody's said.

spreads on unrated and lower rated paper have widened on average by five basis points. In addition to demanding higher yields, dealers report that investors are choosier about issuers. Mr Michael Niedzwiecki, head of Eurocommercial paper at Citicorp Investment Bank, said that investor appetite for unrated commercial paper — once 55 per cent of all ECP outstanding — has fallen sharply over the past few months.

that had never been faced with an occurrence of that type. Significantly, in all cases of defaults on ECP bank back-up lines of credit, intended to be used to redeem maturing securities if investors objected to a rollover, were withdrawn by lenders at the last minute. This prompted the default on the commercial paper.

This behaviour by lenders has prompted dealers, investors and rating agencies to take a hard look at those

In its report, Moody's said that the transition to transaction banking from relationship banking had reduced the loyalty of lenders to their clients. "It is somewhat more likely that relationship lenders will move to stabilise a company's liquidity position when arm's length investors and transaction-oriented investors have fled."

The rating agency suggests that investors learn more about the credit line behind the ECP programme when trying to evaluate risk.

increasingly demanding that paper they buy carry ratings from both Moody's Investors Service and Standard & Poor's Corp.

Dealers privately concede that the wider spread on lower-rated paper is still probably too small to compensate investors for the risks they are taking. The spreads have not widened further because of the intense competition between firms in the Eurobond market.

Rolling settle

By Andrew Freeman

ROLLING settlement is unlikely to be introduced to

"We have gotten borrowers into this market in order to build it up," said Mr Michael Nieldwiecki, vice president at Citicorp Investment Bank. "We have an obligation to make sure that the rate at which we sell paper accurately reflects its credit quality."

The most recent default has been that of Drexel Burnham Lambert, whose unrated ECF programme had about \$30.5m outstanding.

That was the fifth in a string of such defaults over the previous six months in a market

ment 'will de

until Taurus is implemented. Taurus is due to be brought to

lines of credit and to question their value.

It has never been clear exactly what comfort those lines of credit were intended to produce.

Mr Tony Wilson, executive director in charge of short-term securities at Daiwa Europe, said that the back-up credit line is only intended to provide liquidity in the event of general disruption in the ECP market that prevents the sale of paper.

The credit lines are not, he

ay Taurus'

world delay Taurus by at least six months.

Rating agencies see defaults

ROLLING settlement is unlikely to be introduced to the UK equities market until late 1992 because it would divert resources from Taurus, the computerised payments project.

London's two-week account settlement system will remain

until Taurus is implemented. Taurus is due to be brought to the institutional market before the end of 1991, with extension to the retail market scheduled for 1992.

Stock Exchange officials examining rolling settlements concluded its introduction

Ten-day rolling settlement was planned for the middle of this year to keep the improvement of equity settlement in London up to the timetable recommended by the Group of Thirty.

THE US' two top rating agencies predicted rising defaults of junk bond debt over the next three to five years, especially if interest rates increase sharply, Reuter reports.

_____ Rise _____ Falls _____

67	14
7	5
399	303
189	115
34	12
1	2
27	44
56	78
780	573

THE :

Index	1989/90	Low	Stock	Change Price	var	Std. Dev.
129	123		ABN Leasing Inc	122	-3	0.7
128	123		ABN Group Inc	122	-3	0.7
127	123		Abnco, New York, L. T.	122	-3	0.7
126	123		Abnco, New York, L. T.	122	-3	0.7
125	123		Abnco, New York, L. T.	122	-3	0.7
124	123		Abnco, New York, L. T.	122	-3	0.7
123	123		Abnco, New York, L. T.	122	-3	0.7
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1	123		Abnco, New York, L. T.	122	-3	0.7

Report Date	Letter Between	1989/90	Page
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Age	Sex	Date	Height		Source
			High	Low	
F.P.	•	11/79	1079	612W Conv. Inv. Yr. Hsks '96-2002 52
F.P.	•	9/94	914	Inv. Yr. 11490: Sec. De 2012
F.P.	•	8/90	719	Countwell Group 10440: Old Co. Cn. P1
F.P.	•	10149	950	Survey 11,259 Cn Rd P1 2005 100
Inf	•	3/99	2299	Geosensor Near-Int. Cr. Over Lk 1990
F.P.	•	8/99	969	Wytheville Group 9,375 Sec. Cn. P1

Amount Paid	Latest Broker	1989/90	Stock
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[illegible]

Dealings	March 5	Arabax Pet., Cityvision,
Dealings	March 16	Pet. & Nat. Res., Danbu

Declarations	June 7	tunnel warrants, Milwaukee
Settlement	June 18	Res., Registan Props., 3
indications see end of		Res., Tucker Res. and Y
Share Service		Put and call in Brit. & C
Alison Hume, Amstrad,		wealth.

Friday Tokyo's positive performance. W

which encouraged some investors to buy calls and sell puts. Dealing remained somewhat subdued, though, and some market observers feared that the stock market's gains were firmly based. Participants were encouraged by the modest increase in business and hoped that the London Traded Order Market would be able to turn over 30,000 contracts a day, rather than 20,000 recently.

The futures market also appeared more optimistic, with the premium for the March cash index of 7000 points, up from 6800 the previous day. The March FT-SE index closed 22 points higher at 2,250.0, having traded

Oct	Options	May	June	July	Aug	Sept	Oct	Nov	Dec
20	USAA	340	22	37	47	12	15	22	
28	(F963)	390	9	22	32	33	38		
7%									
11	Options	May	June	July	Aug <td>Sept</td> <td>Oct</td> <td>Nov</td> <td>Dec</td>	Sept	Oct	Nov	Dec
12	Bull. Arm	460	22	58	70	20	28	35	
13	(F960)	420	52	38	50	42	45	50	
17	BAA	360	25	55	68	6	10	13	
19	(F96)	390	25	35	48	14	20	25	
1	BAT Ind	800	33	65	85	30	36	43	
5	(F965)	810	18	35	40	43	45	7	
13	BTR	300	33	65	85	30	36	43	
23	(F928)	430	20	34	43	22	23	26	
28	Bull. Telecom	260	27	34		21	23	1	
29	(F277)	280	14	24	27	9	13	15	
14	Options	May	June	July	Aug	Sept	Oct	Nov	Dec
15	Bull. Arm	460	22	58	70	20	28	35	
16	(F960)	420	52	38	50	42	45	50	
17	BAA	360	25	55	68	6	10	13	
18	(F96)	390	25	35	48	14	20	25	
19	BAT Ind	800	33	65	85	30	36	43	
20	(F965)	810	18	35	40	43	45	7	
21	BTR	300	33	65	85	30	36	43	
22	(F928)	430	20	34	43	22	23	26	
23	Bull. Telecom	260	27	34		21	23	1	
24	(F277)	280	14	24	27	9	13	15	
25	Options	May	June	July	Aug	Sept	Oct	Nov	Dec
26	Bull. Arm	460	22	58	70	20	28	35	
27	(F960)	420	52	38	50	42	45	50	
28	BAA	360	25	55	68	6	10	13	
29	(F96)	390	25	35	48	14	20	25	
30	BAT Ind	800	33	65	85	30	36	43	
31	(F965)	810	18	35	40	43	45	7	
1	BTR	300	33	65	85	30	36	43	
2	(F928)	430	20	34	43	22	23	26	
3	Bull. Telecom	260	27	34		21	23	1	
4	(F277)	280	14	24	27	9	13	15	

[illegible]

26	Optim (R21)	210	21	-	-	-	-	-	V-100
		220	21	-	21	1	18	20	Vad
	R.T.Z (P33)	550	47	16	37	13	15	40	Wad
47	-	500	57	65	35	46	40	26	Wad
70	-	500	30	38	38	7	11	14	Wad
	Stone & New Co. (P21)	200	20	20	20	20	20	20	Wad
16	26	220	10	17	23	24	44	10	Wad
		220	24	7	12	22	24	23	Wad
									CALLS
			Mar	May		Mar	May		Jan
16	34	Optim	33	54	4	3	24	4	-
		Fernand (P40)	40	2	5	-	24	4	-
18	36	Optim							PUTS
		Optim		Apr	Jul		Apr	Jul	Jan
		John (P49)	800	5	-	-	4	-	Jan
			850	4	-	-	4	-	Dec
44	12	Optim							May
			Mar	May	Aug	Mar	May	Aug	

[illegible]

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In conjunction with the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS		Thursday March 8 1990					
Figures in parentheses show number of stocks per section		Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Max.)	Est. P/E Ratio (Net)	nd adj. 1990 to date.
1	CAPITAL GOODS (292)	854.40	+1.1	13.40	5.06	9.09	1.80
2	Building Materials (27)	1041.16	+4.4	15.11	5.43	8.25	5.00
3	Contracting, Construction (37)	1400.74	+0.9	17.54	5.68	7.47	3.69
4	Electricals (10)	2413.90	+1.3	12.41	5.37	9.84	0.75
5	Electronics (30)	1265.70	+1.2	12.41	5.37	9.84	1.92
6	Engineering-Aerospace (6)	822.71	+1.6	14.30	5.22	8.56	0.04
7	Engineering-General (43)	464.11	+1.9	12.32	5.18	9.74	1.28
8	Metals and Metal Forming (6)	469.77	+0.7	25.08	6.55	4.50	3.00
9	Metals-General (18)	1252.18	+1.5	14.61	6.11	8.90	0.00
10	Other Industrial Materials (25)	1561.17	+1.5	10.98	4.65	10.59	3.06
11	CONSUMER GROUP (177)	1210.43	+0.8	9.41	3.96	13.28	3.14
12	Brewers and Distillers (22)	1598.07	+0.6	9.99	7.16	12.35	5.57
13	Food Processing (20)	1067.55	+0.7	10.88	4.91	10.46	0.57
14	Food Retailing (16)	1229.13	+1.2	8.98	3.36	14.45	6.99
15	Health and Household (13)	2398.82	+0.7	6.66	2.73	17.87	2.00
16	Leisure (51)	1463.29	+0.9	9.50	3.18	13.82	5.74
17	Packaging & Paper (13)	1252.92	+0.4	9.80	5.62	9.64	0.00
18	Publishing & Printing (16)	3276.45	+0.4	9.55	3.55	12.97	21.20
19	Stores (33)	764.25	+0.7	11.33	4.88	11.49	1.78
20	Textiles (13)	498.39	+1.0	10.82	4.04	10.47	0.57
21	OTHER GROUPS (183)	1146.44	+0.6	10.82	4.93	11.07	1.57
22	Agencies (17)	1535.91	-0.1	5.87	2.43	20.96	9.20
23	Chemicals (22)	1190.16	-0.2	12.10	5.55	9.72	0.57
24	Conglomerates (13)	1051.71	+0.5	10.88	5.27	10.55	0.00
25	Transport (13)	2206.74	+0.1	11.04	4.35	11.53	2.88
26	Telephone Networks (2)	1153.78	-	11.01	4.44	11.82	0.00
27	Water (10)	1972.28	+0.4	17.67	6.87	6.27	0.00
28	Miscellaneous (28)	1068.18	+1.3	11.13	4.43	11.13	0.00
29	INDUSTRIAL GROUP (462)	1115.50	+0.8	10.84	4.54	11.28	2.33
30	Oil & Gas (18)	2367.55	+1.1	10.26	5.09	12.87	31.87
31	200 SHARE INDEX (500)	3219.18	+0.9	20.76	6.62	11.49	4.50
32	FINANCIAL GROUP (114)	799.42	+0.7	-	5.58	-	5.62
33	Banks (9)	872.26	+0.2	19.29	6.30	6.78	1.93
34	Insurance (Life) (7)	1301.68	+2.1	-	5.10	-	0.00
35	Insurance-Commercial (7)	464.96	+1.5	-	5.00	-	0.00
36	Insurance (Brokers) (6)	1262.02	+0.2	6.92	5.92	19.23	0.73
37	Merchant Banks (8)	471.64	+0.1	3.82	-	-	0.04
38	Property (49)	1090.82	+0.6	8.32	3.96	18.20	2.00
39	Real Estate (13)	1267.74	+1.3	13.87	7.33	9.53	2.38
40	Investment Trusts (68)	1150.94	+0.4	-	3.26	-	4.61
41	Overseas Trusts (1)	1358.41	+0.8	9.50	7.73	12.73	30.79
42	ALL-SHARE INDEX (687)	1116.74	+0.8	-	4.74	-	4.90
43	Index No.		Day's Change %	Day's High (Y)	Low (Y)	Mar 7	Mar 6
44	FT-SE 100 SHARE INDEX	2250.01	+19.7	2254.7	2240.8	2230.3	2216.0

[illegible]

PRICE INDICES	Thu Mar 8	Day's change %	Wed Mar 7
British Government			
1 Up to 5 years	113.64	+0.11	113.50
2 5-15 years	119.05	+0.12	118.92
3 Over 15 years	123.52	+0.07	123.44
4 Irredeemables	141.23	+0.18	140.98
5 All stocks	119.36	+0.11	119.23
Index-Linked			
1 Up to 5 years	139.92	-0.03	139.97
2 Over 5 years	133.12	-0.17	133.35
3 All stocks	133.52	-0.16	133.73
Debtors & Loans	98.65	-0.16	98.80
4 Preference	77.56	-0.17	77.70

<p> <input type="checkbox"/> British Government </p>	<p> <input type="checkbox"/> British Government </p>
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add	1	Low	5 years
date	2	Coupons	15 years
	3		25 years
2.26	4	Medium	15 years
2.41	5	Coupons	15 years
3.38	6		25 years
1.51	7	High	15 years
2.51	8	Coupons	15 years
	9		25 years
	10	Irredeemables	
	11	Index-Linked	
0.94	12	Inflation rate 5%	Up
0.81	13	Inflation rate 5%	Over
0.82	14	Inflation rate 10%	Up
	15	Inflation rate 10%	Over
2.12	16	Debt	5 years
1.17	17	Loans	15 years
	18		25 years

Opening Index 2240.9; 10 am 2245.3; 11 am 2249.0; Noon 2249.0; 1 pm 2252.9; 2 pm 2253.5; 3 pm 2253.3
a) 3.21 pm (b) 9.02 am 1 Flat yield. Highs and lows record, base dates, values and constituent changes are put
constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London S

8	7	(approx.)
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11.41	11.40	9.19
11.06	11.07	8.95
10.95	10.96	8.83
12.68	12.72	10.31
11.51	11.51	9.41
11.07	11.08	8.98
12.80	12.83	10.44
11.74	11.74	9.63
11.25	11.25	9.17
10.96	10.98	8.69
4.60	4.58	3.24
4.07	4.06	3.44
3.68	3.66	2.39
3.90	3.88	3.28
13.80	13.80	12.02
13.14	13.12	11.33
13.14	13.12	10.74
11.90	11.87	10.22

30 pm 2253.9; 4 pm 2249.4
and in Saturday issues. A list of
HL, price 15p, by post 35p.

UK COMPANY NEWS

Ogilvy acquisition helps WPP soar 86% to £75m

By Alice Rawsthorn

WPP GROUP, which became the world's largest marketing services company after its acquisition last summer of Ogilvy & Mather, yesterday announced an 86 per cent increase in pre-tax profits in 1989, from £40.2m to £75.0m.

Mr Martin Sorrell, group chief executive, said WPP had benefited from healthy new business gains by both the Ogilvy and the J Walter Thompson advertising networks and from Hill & Knowlton, the public relations consultancy.

WPP's revenues vaulted to £1.01bn (£547.13m). It paid £34.5m (£18.93m) on a reduced taxation rate of 46 (47) per cent. Earnings per share rose to 73p (£4.3p) with fully diluted earnings of 71.2p. The board proposed a final dividend of 12.5p making a total of 24.2p.

(17.8p). Mr Sorrell said net debt had been reduced to £325m at the year-end - £43.5m less than at the time of the Ogilvy acquisition - because of improvements in working capital. He said there was scope for further improvement this year.

Ogilvy Group, which was taken over last May after a bitter bid battle, mustered margins of 10 per cent (after the acquisition) compared with 7.9 per cent in 1988. Ogilvy is expected to raise its margins to 12 per cent this year.

The Ogilvy agency in New York has been reorganised. Ogilvy is now exploring ways of expanding into Japan. WPP is also continuing in discussions with Abbott Mead Vickers, the UK advertising agency, over the future of the Scala McCabe Sloves agency.

The JWT Group, which includes Hill & Knowlton, increased its margins from 9 to 10 per cent in 1989. Mr Sorrell anticipated a further increase to 11 per cent this year, helped by improvements at H&K.

WPP also benefited from a strong performance from its non-advertising interests where revenues grew by 15 per cent during the year. Stewart McColl boosted pre-tax profits by 41 per cent to £2.6m despite the downturn in the UK design market. Anspach Grossman Portugal, the New York design consultancy, and Mendoza Dillon, the Hispanic advertising agency, fared well in the US.

Mr Sorrell said the present year had begun well, despite the slowdown in the US and UK advertising markets. He said the company was confident of profits of £112m or so this year. This leaves the shares looking low on fundamentals on a prospective p/e of 8. But unfortunately for Mr Sorrell, the City is concerned less with efficiency improvements at JWT, than with the sorry saga of Saatchi which has swung shareholder sentiment against marketing companies in general and highly leveraged marketing companies - like WPP - in particular.



Martin Sorrell: net debt was down to £325m at the year-end

COMMENT

So far Mr Sorrell has kept all his promises to the investment community. This set of results is no exception. WPP delivered exactly what analysts expected and was rewarded with a 9p filip in its share price to £65p. Despite the sluggish state of advertising in the US and the UK, the City is confident of profits of £112m or so this year. This

leaves the shares looking low on fundamentals on a prospective p/e of 8. But unfortunately for Mr Sorrell, the City is concerned less with efficiency improvements at JWT, than with the sorry saga of Saatchi which has swung shareholder sentiment against marketing companies in general and highly leveraged marketing companies - like WPP - in particular.

Reebok helps pump Pentland to £71.45m

By Jane Fuller

THE SUCCESS of Reebok's new sports shoe products helped put a spring in the step of Pentland Group, which has a 32 per cent stake in the US company.

Pentland's 1989 pre-tax profit rose by 18 per cent to £71.45m on sales up 6 per cent to £702.53m. Reebok, founded in with profits of £56.75m, a 36 per cent increase on the previous year.

This would have been nearly £1m more had Pentland stayed with year-end exchange rates instead of changing to the annual average.

Mr Frank Farrant, financial director, said the success of 1989 was Reebok's "energy return system", a mechanism in the heel of the shoe designed to act like a spring.

This year the Pump would help to make the running. Pressing a miniature basketball embedded in its tongue inflates the shoe lining.

Other parts of the group, mainly concerned with footwear and clothing distribution, showed only a 5 per cent profit rise to £15.12m.

Mr Farrant said good performance in the UK - notably with the Kickers shoe - and in the Far East were dragged down by problems in the US. Sales of electric fans had been hit by a cool start to the US summer, while later a scare over white dust from humidifiers had punctured demand for those appliances.

Pentland is keen to expand its non-Reebok activities and to this end last year reorganised itself via a reverse takeover by a small investment company.

This involved paying out £20m to shareholders. Mr Farrant said the company now had £17.6m of shareholders' funds, without adding in the full market valuation of Reebok, and had very little gearing.

It would look for acquisitions in the branded consumer products field, although it might wait until later in the year when it reckoned even more "truth" would have come off share prices.

Earnings per share were 15 pence ahead at 11.81p. The final dividend of 0.35p makes a total of 12.16p.

However, Pentland said that this could not be compared with last year's 1.5p because of the reorganisation pay-out.

As Pentland follows in Reebok's footsteps, expectations of another good year for the US company - perhaps 14 per cent profit growth - bode well for Pentland. On the other hand, the sale of the Fleetfoot distribution business to Reebok will take out some profit that there could be significant interest payments because of trade financing.

A recovery in the US business and growth in the Far East may be offset by a slackening of UK demand for footwear and clothes. A profit forecast of about £75m gives a prospective p/e of less than seven, with the share price of 64p at a considerable discount to assets. It looks good value, but the fruits of reorganisation - notably the long-awaited growth by acquisition - still seem some way off.

ADT improves 33% to \$290m and raises stake in Christies

By Andrew Hill

ADT, the vehicle auction and security group headed by Mr Michael Ashcroft, said yesterday it believed its 8 per cent stake in BAA, the former British Airports Authority, represented sound value, in spite of the Government's "golden share" and the 15 per cent restriction on shareholdings in the privatised company.

ADT announced yesterday that income rose by nearly 33 per cent last year - from \$219m to \$290m (\$176.2m) before tax - and pushed up margins from 12.4 per cent to more than 30 per cent by selling its maintenance division businesses.

The Bermuda-registered company also revealed that it had increased its stake in Christies International, the UK auction house, from 9.55 per cent to 10.6 per cent of the ordinary share capital - or 9.4 per cent when the special A ordinary shares are taken into account. News of the increase helped push Christies' share price up nearly 5 per cent from 330p to 335p.

Disposals and last year's \$10m cash injection from the Canadian group, Laidlaw Transportation, ADT's largest shareholder, nearly doubled the cash and liquid securities on the company's balance sheet. At December 31 that figure stood at \$1.2bn, against \$600m a year earlier.

Explaining the move, ADT's director, said yesterday: "Because we have this very liquid balance sheet we have decided to invest a certain proportion of our liquid assets in the service sector. Those that happen to be delectable interests."

He said the group was concentrating on developing its existing operations and had not yet spotted another service sector which would put the shares on a prospective p/e of about 9.5, still good value.

There seems to be some difference of opinion about ADT in the market place, where its share price slipped 5p to 190p yesterday. On one side are those who believe Mr Ashcroft's glory days are over, and that security services - albeit supported by the recent \$10m acquisition of Britannia Security - and motor auctions are mature businesses. They say this may even be the moment for investors to take profits, with the shares on a prospective multiple of about 10, based on forecasts of \$360m before tax for this year. On the other side are those still looking for ADT to power ahead in 1990. Released from the borrowings of early 1989 and with net liquid resources of \$250m to invest, they think the group is capable of \$360m before tax this year, which would put the shares on a prospective p/e of about 9.5, still good value.

But because the formalities had not been fully completed, H&C adjourned the meeting and made a second attempt yesterday. This also failed, with bondholders speaking for only 28m-worth of stock voting in favour, against the \$10m-worth against.

Faced with this unusual situation and only able to communicate with the recalcitrant investor in a very indirect manner, the company said yesterday that it would not abandon its efforts to obtain buy-back powers, but felt it was pointless to pursue the matter further immediately.

The company, like many others in recent months, was seeking authority to buy-back up to 10 per cent of its own shares. This required the approval of both the ordinary shareholders and the convertible bondholders. As the motion was a special resolution, a 75 per cent support level was required. H&C first attempted to secure approval from its bondholders last month. This, too, ran into opposition from the mystery investor, who owns \$10m of the \$75m issue.

report later this month.

ADT's earnings per share in the year to December 31 were 29 cents (25.5 cents) and the sale of the maintenance division in 1988 meant net sales came down to \$961m (\$1.76bn).

Security services, mainly in the US, made \$115m (\$92m) before tax on net sales of \$721m (\$696m), while motor auctions showed income of \$55m (\$48m) before tax on turnover of \$239m (\$199m). Other income, including discontinued businesses, was \$38m (\$50m).

As in previous years, ADT announced a bonus issue of shares in place of a formal dividend. This year it is a 2-for-47 issue, against one-for-23 in 1988. The final issue adds to the one-for-47 interim scrip and is worth about 13.3 cents at yesterday's London share price and exchange rate, compared with 11.5 cents on the same basis last year.

There is a cash alternative of 12.1 cents, making 18 cents (15 cents) for the full year.

COMMENT

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Mystery investor thwarts H&C buy-back plan

By Nikki Tait

PLANS by Harrison & Crossfield, the plantations group which has been diversifying into building supplies and chemicals, to adopt share buy-back powers have been thwarted by one significant holder of its convertible bond issue.

The identity of the individual is unknown, according to H&C, as is the nature of the objections. However, it seems almost certain that this is an overseas holder - the 74 per cent subordinated convertible bonds were sold to euromarket investors, rather than a "mainstream" UK institution.

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Vibroplant buy

Vibroplant has acquired Bath Plant Holdings, a plant hire business with six locations in south-west England. Consideration of £2.3m was satisfied as to £300m in loan notes with the balance in cash. For the period July 11 1988 to December 31 1989 BPH reported pre-tax profits of \$368,000, before a goodwill write-off of £125,000, on turnover of £5.65m.

Générale des Eaux buys AMI

By Jane Fuller

THE MAJORITY stake in AMI Healthcare, the UK's largest quoted private medical company, is being sold to a subsidiary of Compagnie Générale des Eaux, the French services group.

Générale de Santé Internationale is offering 370.25p per share - nearly 8p less than yesterday's opening price for the 65 per cent stake owned by American Medical International.

This values the company at about £245m. GSI is making a similar offer for the remaining 35 per cent of the shares.

The majority holding was put up for sale last November, after Los Angeles-based AMI was taken over by IMA Holdings in a highly leveraged \$3bn deal. The UK sale is part of a plan to dispose of £1bn of assets to pay off debt.

AMI Healthcare has 14 acute care and four psychiatric hospitals, totalling nearly 1,500 beds.

In the year to August 31, it increased pre-tax profits by 33 per cent to £21m on sales of £131m. The purchase price is 18 times earnings.

Although GSI's FF1bn (£105m) turnover is little more than 1 per cent of its parent's total, it is France's leading operator of private hospitals. It has 40 of them, with more than 3,000 beds.

Last year it carried out an exploratory operation in the UK by purchasing Great Northern Healthcare Management, which has three hospitals.

Mr Daniel Bour, head of development, said the UK market for private health care was uniquely liberal in Europe. In France there was a great deal of regulation.

Apart from sustaining AMI's expansion programme, he believed growth would accelerate. Three avenues for this would be joint ventures with the NHS, extending geographically and expanding ancillary services, such as screening.

He thought his company could learn from the UK approach to working out the "true price" of each bed. CGE employs 138,000 people and is involved in water, power, heating and construction. It has stakes in nine UK water companies. Other UK interests include the television company TVS and Norwest Holst in construction.

See Lex

Sema in joint buy

Sema Group, in a joint agreement with Societe de Bourse Francaise, is to acquire 25,400 shares (49 per cent) in Tibet SA for \$5.2m cash.

Tibet had a turnover of £16.4m and reported pre-tax profits of £440,000 in 1988.

The dispute centred on Eagle Trust's decision to restate its previous 1987 accounts. Peat Marwick objected to the decision to write off a sum of £13.5m which the board claimed had been misused to satisfy the obligations of some sub-underwriters in relation to a rights issue to fund the acquisition of Samuelson, a television company.

Mr David James, Eagle Trust's chairman, said Peat Marwick had not considered the evidence that sub-underwriters had been funded to be conclusive. "But we are emphatic that the evidence is conclusive," he said.

The auditors also disagreed with the board over reducing the book value of a property in Bray by £3.5m and restating the 1987 accounts accordingly. Peat Marwick said it regarded the prior year adjustment "as inconsistent and not in accordance with accounting principles."

Many of Eagle Trust's problems originated under the chairmanship of Mr John Ferriday, for whom an arrest war-

Woodchester rises 47%

REFLECTING considerable organic growth and a first time contribution from Milestone Leasing, pre-tax profits of Woodchester Investments rose 47 per cent to £26.4m (£25m) in 1989.

The business has been reorganised into four operating divisions: lease and instalment credit (Ireland); lease and instalment credit (UK); international; other financial services.

Also a number of new functions have been established to encompass treasury, internal audit, personnel and information systems.

Mr Craig McKinney, chair-

man, said it had been policy to eliminate exposure to fluctuations in interest rates by hedging, and that proved to be prudent.

The 1989 profit compared with £18m and came from gross rentals of £269.92m (£150.3m).

Earnings per share were up 3p to 15.1p, and the final dividend is 1.5p for a total of 2.5p (£1.75p).

During the year, British & Commonwealth Holdings placed 31 per cent of its stake in Woodchester with institutions, and sold the remaining 29.5 per cent to Credit Lyonnais.

See Lex

JOHN LEWIS PARTNERSHIP plc
Department stores
and Waitrose supermarkets

Preliminary results for the year to 27 January 1990

17% Profit sharing Bonus

	1989/90 £m	1988/89 £m	
Sales	2,046.3	1,917.7	+ 7%
Trading Profit	123.7	133.1	- 7%
Other Operating Income		6.3	
Interest	13.6	7.9	
Profit before tax	110.1	131.5	-16%
Taxation	21.0	26.5	
Preference Dividends	0.2	0.2	
Surplus available for profit sharing and retentions	88.9	104.8	-15%
Partnership Bonus	41.2	47.5	
Retentions	47.7	57.3	
Extraordinary Profit on sale of property	18.6		

Profit Sharing All the equity capital of John Lewis Partnership plc is held in trust for the benefit of the workers in the business. The profits remaining after taxation, preference dividends, pensions and allocations to reserves are distributed yearly among the workers as Partnership Bonus in proportion to their pay. This year the rate of distribution will be 17% of pay (1988/89 22%).

For further details please telephone 01-828 1000 ext 6222 or write to Chief Information Officer, 171 Victoria Street, London SW1E 5NN.

Present chairman confident that missing money could be recovered Eagle Trust and auditors dispute £13.5m

By John Thornhill

EAGLE TRUST, the troubled mini-conglomerate at the centre of a Serious Fraud Office investigation, yesterday revealed sharp disagreements with its auditors, Peat Marwick McIntosh, as it published its long overdue annual report and accounts for 1988.

The dispute centred on Eagle Trust's decision to restate its previous 1987 accounts. Peat Marwick objected to the decision to write off a sum of £13.5m which the board claimed had been misused to satisfy the obligations of some sub-underwriters in relation to a rights issue to fund the acquisition of Samuelson, a television company.

Mr David James, Eagle Trust's chairman, said Peat Marwick had not considered the evidence that sub-underwriters had been funded to be conclusive. "But we are emphatic that the evidence is conclusive," he said.

The auditors also disagreed with the board over reducing the book value of a property in Bray by £3.5m and restating the 1987 accounts accordingly. Peat Marwick said it regarded the prior year adjustment "as inconsistent and not in accordance with accounting principles."

Many of Eagle Trust's problems originated under the chairmanship of Mr John Ferriday, for whom an arrest war-

rant has been issued in connection with fraud at the company. Mr James said that Mr Ferriday's whereabouts were still unknown but thought that he must have a regular base in Dublin.

It emerged yesterday that Mr Ferriday's solicitors had been in touch with Eagle Trust claiming that the company had illegally taken back a car that belonged to him. Last month, Eagle Trust recovered a Rolle-Royce in Ireland which it claimed was company property and was being illegally used by Mr Ferriday.

Mr James said he was still keen to talk to Mr Ferriday. "I would assure him of a very warm welcome indeed," he said wryly.

Mr James said he understood that the accounts, which showed a net loss of £53.18m, would make distressing reading for shareholders.

But he added that he was confident that tens of millions of pounds of missing money could be recovered and that Eagle Trust might be re-listed in the summer of 1991, albeit in a radically different form. "We think there will be a small level of salvage for shareholders," he said.



David James: assured former chairman of warm welcome

show a deficiency in shareholders' funds of £23.5m.

The 1988 accounts showed an operating profit after interest charges of £9.68m. However, non-recurring losses of £54.32m stemming mainly from the Eagle Express parcel distribution business and the LaForza motor car project pushed the total loss for the year to £53.18m.

Peat Marwick, which will be replaced as auditors by BDO Binder Hamlyn, said it was unable to form an opinion as to whether the accounts gave a true and fair view. It did, however, agree with the board that Eagle Trust was a going con-

cern. Mr James promised that he would continue his "vigorous campaign" of litigation against both individuals and institutions in pursuit of missing money. "If we see a pound out there which will not cost us more than 99p to get back then we will have it," he said.

The 1988 accounts showed that the company had made a £4.5m provision reflecting the estimated costs of the investigation.

On Wednesday, Eagle Trust issued a writ against seven former directors seeking damages for breach of duty and trust. One of its claims related to payments of unlawful dividends following the directors' approval of the 1987 accounts. Mr James said yesterday that the directors might be liable for all the dividends paid out by the company in July 1988 and January 1989 amounting to over £2m.

An additional claim on the writ made against Mr Richard Smith only is for damages for alleged fraud.

Commenting on Eagle Trust's present trading position, he said the core businesses were expected to show a sound profit performance in the current year and that the company would continue with its disposal policy which had already raised £14m. Bank debt is now £55m.

UK COMPANY NEWS

Plans to sell equity stakes in some hotels should fuel expansion
Ladbroke advances 20% to £302.2m

By Clare Pearson

ALL DIVISIONS of Ladbroke, the international leisure group with interests spanning hotels, betting and DIY stores, contributed to a 20 per cent increase from £252.3m to £302.2m in 1989 pre-tax profits. Turnover rose from £2.85bn to £3.66bn.

Mr Cyril Stein, chairman, described the year as excellent and made clear that he was looking for further good progress. "We are confident of continuing success in 1990 and beyond."

The planned sale of equity stakes in some of the Hilton International hotels should fuel further expansion of this dominant division, he said.

Ladbroke owns 82 of its 143 hotels outright and plans to realise some of their value by selling majority or minority stakes, while retaining their management contracts. In this way it hopes to recoup up to the full amount of the costs of developing a hotel.

Some 15 hotels are under development. A new hotel in Barcelona, Spain, where the Olympics are to be held in 1992, opened last week to a full house.

In the year to end-December,



Cyril Stein: confident of continuing success in 1990 and beyond

nine more hotels opened and the division achieved pre-tax profits of £167.8m (£118.9m). Turnover rose to £830.1m (£688.8m).

The addition of the Vernons football pools business to Ladbroke Racing, the off-track betting business, helped the division achieve pre-tax profits of £91.1m (£77.5m).

Vernons put in profits of £7m and contributed another £1.5m to the reduction of central costs. Ladbroke said that Vernons had improved both operating profit and market share since being acquired through the takeover of Thomson T-Line in February last year.

Ladbroke expects various

relaxations of betting legislation in the UK, Europe and the US to underpin growth in this division. The small-scale US operations are to be expanded by the opening of the first of six off-track betting theatres in Pittsburgh, Pennsylvania.

Profits at Texas Homecare, the DIY stores operation, were 3 per cent up on a like-for-like basis, rising to £40.1m (£34.5m).

This achievement, which contrasts with severe difficulties afflicting other UK companies in the same market, is attributed to efficiencies helped by market leadership in certain sectors, such as garden furniture. A further 17 stores are to be added this year to the 214 existing outlets.

Property put in £35.9m (£22.2m). Rents at a number of West End properties are expected to be significantly enhanced when they come up for review this year and next.

The final dividend is lifted by 20 per cent to 5.65p, making 5.79p (5.16p) for the year. Earnings per share worked through at 24.26p (19.99p).

See Lex

Fags held to £25.5m as copper prices fall

By Kenneth Gooding, Mining Correspondent

FALLING copper prices reduced the rate of profits growth at Antofagasta Holdings in the second half of last year.

However, the UK-listed group, which has a wide variety of interests in Chile, still achieved a 17 per cent advance from £21.8m to £25.5m in taxable profits for 1989.

Antofagasta said it expected another good year in 1990 but results would remain sensitive to the level of copper prices.

Lower metal prices and a reduction in the grade of ore mined in the second half resulted in a slightly reduced taxable profit of £10.44m (£11.4m) for 1989 as a whole from the mining interests.

The railway and associated companies produced "excellent" results - £3.63m before tax compared with £3.5m.

Income from associated companies was substantially increased because during the year the company lifted its holding in Banco O'Higgins to 48 per cent and received a dividend of £2.4m (£700,000).

As the bank is now almost clear of the restrictions of the Central Bank of Chile's support mechanism, introduced in 1982, the group will account for its share of the bank's results from 1990.

In 1989 that share would have been £2.3m so the bank's profitability will be of increased importance to the group in 1990.

A change in Chile's tax system resulted in no tax being paid by the company in respect of 1989. However, Antofagasta warned: "The incoming government may revert to the previous system of taxation after it assumes power in 1990."

Turnover was 21 per cent higher at £49.2m (£40.61m). Earnings per share were up 35 per cent from 53.3p to 72.2p and the recommended annual dividend is lifted by 31 per cent from 13p to 17p.

Coats static at £137m as UK textile downturn continues

By Alice Rawsthorn

COATS VIYELLA, the textile group which last year mounted a bid for Tootal, managed to maintain pre-tax profits at £137.4m in 1989 in spite of the downturn in UK textiles.

Sir David Alliance, chairman, described the climate in the UK, where Coats is the largest player, as "very tough". "I have been in this business for 40 years and have never known it to be as bad as this," he said.

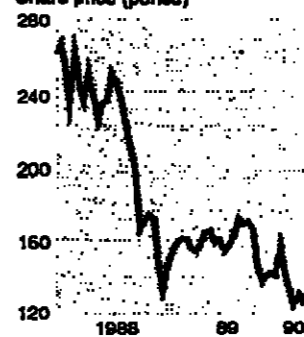
Last summer Coats mounted a £396m bid for Tootal, another large UK textile group. That lapsed while it was being investigated by the Monopolies and Mergers Commission. Coats received conditional clearance to proceed with the bid last autumn, but has been unable to agree a price with Tootal.

Coats received £4.5m in dividend income from its 29.9 per cent stake in Tootal last year; total cost of the investment amounted to £115m. Goodwill of £59m has been written off. The resultant carrying value of the Tootal shares is equivalent to 65p each. Sir David said yesterday he was keen to renew the bid, but not at the original price of 100p per share.

Turnover rose to £1.9bn (£1.86bn) and operating profits to £155.3m (£143.6m). Interest charges took £21m (£11.9m). Earnings per share fell to 15.1p

Coats Viyella

Share price (pence)



(16.1p) and the final dividend is maintained at 9p, making an unchanged total of 9p.

Coats' problems were concentrated in South America, where it has been hit by hyper-inflation, and in the UK, where the textile sector has suffered from the slowdown in consumer spending. Home-ware, hit by higher interest rates, saw profits fall to £8m (£16.8m). Yarns and fabrics suffered from bad debts and profits were static at £18.6m (£18.2m).

The garment and retail division benefited from rationalisation - especially in knitwear - and recovered to £11.5m (£9.2m). The contribution from

thread and handknittings, where Coats is restructuring its European operations, rose to £76.3m (£75m).

Engineering suffered from the cost of start-ups and profits rose modestly to £23.4m (£22.7m). Coats made £17.3m (£1.7m) from other sources including £12m from property.

Sir David said the reorganisation was largely completed. Coats last year reduced its workforce by 4,000 - to 36,000 - through disposals and closures. He said the benefits of restructuring should emerge this year.

COMMENT

This time last year Coats delivered a nasty shock when it revealed quite how damaging the downturn in textiles had been. Analysts are now so inured to plunging profits and company collapses that this set of results came almost as a relief. The UK textile sector is still in a sorry state. Coats does seem to have stabilised some businesses, such as knitwear, but is still exposed in others, like home-wares. The City expects profits of £140m putting the shares - up 4p to 132p yesterday - on a prospective pie of 8.5. But investors' interest is really focused on Tootal and on what price Coats would have to pay to clinch agreement for another bid.

Chas Baynes surges to over £4m

Acquisitions and substantial organic growth pushed up pre-tax profits at Chas Baynes to £4.1m in 1989, from £1.68m the year before.

Harris & Edgar and Heath Packaging were acquired in April 1989 and 35.6m shares were issued for the funding. The two companies contributed £1.1m to profits. Group earnings rose 67 per cent to 3.06p (1.83p), due mainly to organic growth.

Mr Bruce McInnes, chairman, said the new year had started with record order books, and much of that business represented components used in export markets, particularly in the case of aerospace activities.

Harris & Edgar, which supplies stainless steel fixings, had settled in well and produced excellent results.

The dividend on increased capital is doubled to 1p, the final being 0.75p.

Panel says First Technology must declare stand on Ricardo

By Nikki Tait

THE TAKEOVER Panel, the City watchdog on bids and deals, has intervened in the battle over Ricardo, the Sussex-based engines and transmissions designer, declaring that former predator, First Technology, must clarify its future intentions. First Technology will appeal the decision today.

First Technology said on Wednesday that if Ricardo's plan to make an all-share bid for SAC International was voted down by the engineering design group's shareholders at an extraordinary meeting on Monday, it would repeat an offer of a 180p-a-share paper bid for Ricardo.

SAC, a Bristol-based engineering services group, has recommended the merger with the slightly smaller Ricardo group.

Ricardo, however, is emphatic that it would reject the First Technology proposal - as it did when the idea was first mooted on Tuesday night.

Accordingly, Ricardo has been pressing the Panel to make First Technology clarify its intentions in the face of such a rejection. First Technology, says Ricardo, should state whether it is prepared to make a hostile bid.

This, however, runs into objections from First Technology, whose advisers are emphatic that their client neither wishes, nor will say whether it would go ahead on a hostile basis.

Yesterday, the Panel executive supported Ricardo's case and ruled that the clarification should be provided.

Now, with only one working day left before the meeting, the

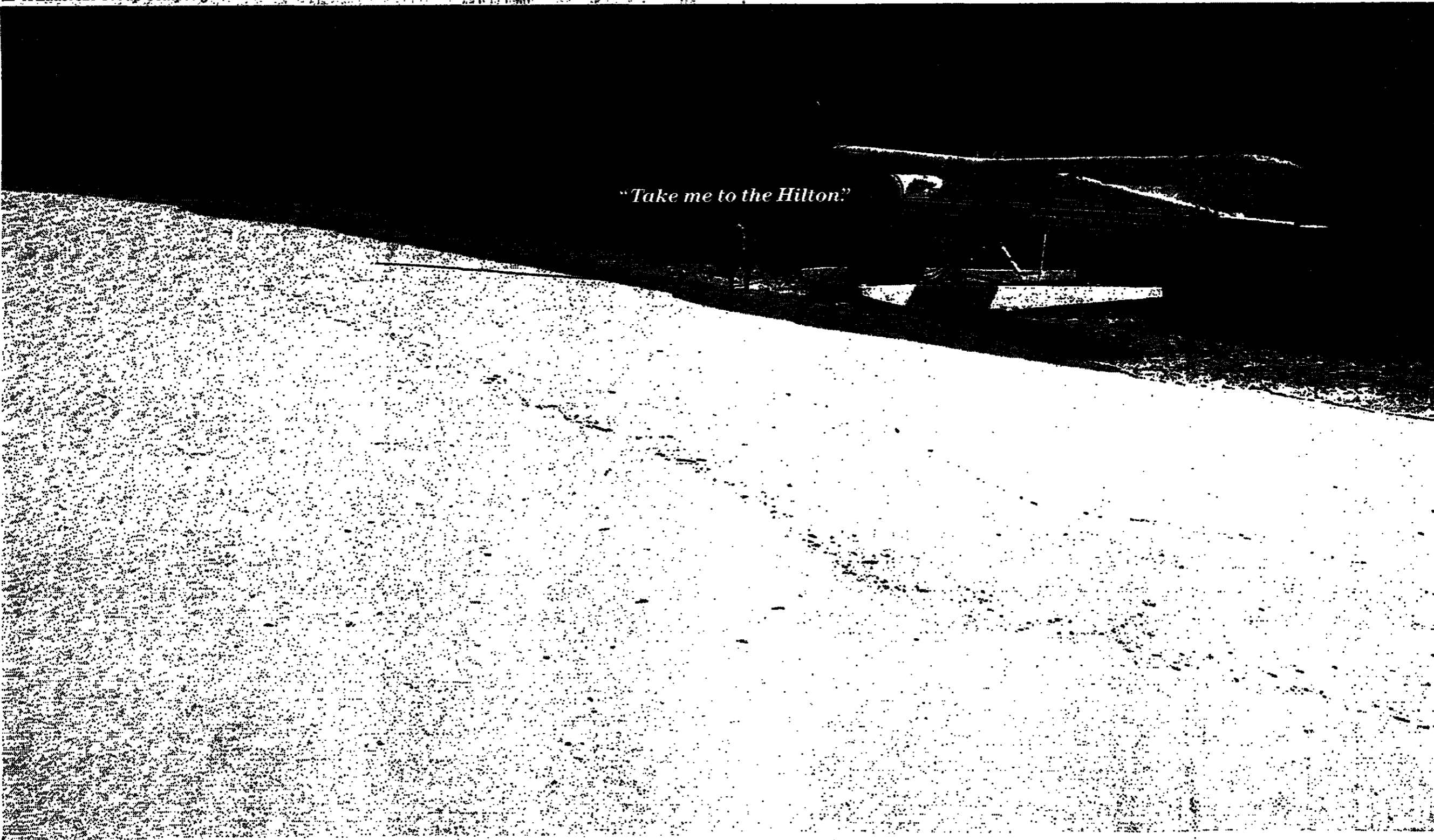
full Takeover Panel is convening at extremely short notice to hear an appeal from First Technology. The decision will be announced as quickly as possible.

If the full Panel upholds the Panel executive's decision, First Technology might face the choice of either clarifying the matter or of facing the possibility that the Panel would take action itself, perhaps debaring a hostile bid.

MTL Instruments

MTL Instruments Group bucked the trend among small UK businesses with a rise in pre-tax profits - of 34 per cent to £3.08m. Turnover advanced 26 per cent to £11.85m (£9.3m). The final dividend is 1.4p to make 2.4p (2p).

A Ladbroke Group Company



The problem with paradise, he thought as he made his way back to the plane, was that fax machines were a bit thin on the ground. And head office wouldn't appreciate a message in a bottle. "Take me to the Hilton." Some time later, duty done, he relaxed in the bar and watched the sun go down as he waited for his companions to join him

for dinner. Bett made the right choice, no doubt about it. You too can be sure. There's no place like home. And when you're away, there's no place like the Hilton. For reservations at over 400 hotels, call your travel agent, any Hilton hotel or Hilton Reservations Worldwide. (Germany: 069 250102, France: 146873480.)

HILTON
INTERNATIONAL

THE HILTON · THE HOTEL

UK COMPANY NEWS

Pentos improves 14% to £12.5m

By Andrew Hill

MR TERRY MAHER, chairman of Pentos, hopes to be selling literary fiction at discounted prices through the company's Dillons bookshop chain by the end of the year.

The price-cutting would follow two similar promotions — one before Christmas and one for children's books, running now — part of Dillons' campaign against the net book agreement, which sets minimum prices for most new books.

Pentos, which also owns office furniture manufacturers and the Athena and Ryman stores, yesterday revealed a 14 per cent increase in pre-tax profits, from £11m to £12.5m, in 1989.

Mr Maher said there would be a number of other price-cutting promotions at Dillons during the year.

"What we are trying to do here is undermine support for this stupid net book agreement," he explained. He has written to publishers to persuade them to produce literary

fiction outside the NBA — currently the only way in which the price of new books can be legally discounted.

Dillons, which added five shops during the year to the 43 already operating, led the Pentos subsidiaries with a 34 per cent increase in sales in 1989.

Group sales rose 18.5 per cent from £120.8m to £143.2m. Specialist retailing, which includes Athena, Dillons and Ryman, made £2.7m (£5.1m) on sales of £110m (£91.4m), while office furniture increased profits to £5.2m (£3.9m) on the back of turnover of £38.1m (£27.5m).

Mr Maher said Dillons and Athena, the poster and card retailer, were performing well except in the US; a decision on the future of the under-performing Athena ones there will be made this year.

Ryman, the stationery and office supplies chain bought in 1987, suffered due to the depressed market last year for office machines and personal organisers and sales were flat.



Terry Maher: undermining support for 'this stupid NBA'

for the year.

COMMENT

It looks as though Mr Maher's ambitious capital investment programme — £16m in 1988, £17m last year — is being reined in for 1990, when £12m will be spent. Not so, says the Pentos chairman, the original plan was for £10m of capital investment and the new figure may itself be reviewed if further opportunities to buy quality retailing space arise. However, improving the return on those investments is now proving more difficult, as even the bullish Mr Maher admits, and the City is still unconvinced about the Ryman chain, poised for its second redesign attempt in two years (the first was shelved because it was "too expensive and too bland"). The shares, which have had a rough ride in the last 12 months, were unchanged at 86p yesterday. A prospective price of about 10 looks fair based on 1990 forecasts of £14.5m before a rising tax charge.

Hillsdown puts cash into Craton Lodge

By Nikki Tait

CRATON LODGE & Knight, the selling product development group, is being rescued by a cash injection from Hillsdown Investments Trust, a 60 per cent owned subsidiary of Hillsdown Holdings, the food group.

New additional management — headed by Mr Stephen Bennett, a partner at Deloitte Haskins & Sells — is also being drafted in.

Only last month, plans to inject £700,000 into the marketing company, into Craton Lodge, a 60 per cent owned subsidiary of Hillsdown Holdings, the food group, were shelved.

The deal takes the form of a staggered 35-for-1 rights issue at 1p, which is fully underwritten by Craton. This will raise around £2m before expenses. Craton, plus six individuals, are also subscribing for a further 55m new shares at 1p. This will raise another £550,000.

In theory, if shareholders could shoulder the rights issue, Craton and the consortium could end up with almost 94 per cent of Craton. In practice, however, Craton will place out sufficient shares to reduce its holding to about 49 per cent.

The six-strong consortium, which includes Mr Bennett, will probably end up with another 15 per cent, and some of the existing management — who at present own over 60 per cent of the shares — have indicated that they will take up rights, obtaining a stake of around 7 per cent. The USM quotation will be maintained.

Craton will also sell four shares at 1p each, leaving it with the core profitable CLK product development consultancy business and a second consultancy, Innovation Management International. Net assets after disposals will be about £1.5m, and the group will have cash resources of some £1m. The shares were suspended in October at 43p. The company came to the USM at 115p in 1984, and hit a high of 198p shortly afterwards.

Sketchley's white knight turns

Andrew Bolger on the £96.5m offer from Compass

DECIDING TO seek white knights can have a less than fairy tale ending for companies which find themselves facing a hostile takeover bid. Sometimes the target's proposed rescuer transforms itself into a hungry predator.

That is the situation facing Sketchley, the services group best known for its dry cleaning outlets, which yesterday found itself the subject of a bid for the second time within a month.

The all-share offer worth £96.5m from Compass, the contract catering and health care group, comes only a week after Godfrey Davis abandoned its £150m assault. The car dealing and laundry group took flight at the profits fall forecast by Sketchley in its defence document.

Compass said it had been approached by Sketchley following the bid by Godfrey Davis, regarding the possibility of Compass making a higher offer. In fact Compass had identified Sketchley as a possible target as early as June 1988, and in September of that year spent £150,000 on a detailed report by Touche Ross into the feasibility of combining the groups.

Mr Gerry Robinson, chief executive of Compass, said the study confirmed that the two groups would be an excellent fit — but it also confirmed his view that the Sketchley share price was far too high to make a bid worthwhile.

Mr Robinson said of Sketchley's approach during the Godfrey Davis battle: "Obviously we took advantage to look at the company again. It merely reinforced our view that the Godfrey Davis offer was too expensive. Frankly, once that offer failed, for the first time in the company looked affor-



Gerry Robinson: lower share price prompted move

able." Sketchley shares plunged 96p to 251p after Godfrey Davis withdrew its shares-and-cash offer, which dropped in value from 380p to 350p in the course of the bid.

Godfrey Davis was repelled by Sketchley's warning that pre-tax profits for the year to March 30 might fall to about £5m, well below the previous year's £17.3m. Mr John Ivey, Godfrey Davis chief executive, described the forecast as lamentable and said he was not prepared to damage his company by overpaying for Sketchley.

Mr Francis Mackay, Compass's finance director, said that although Sketchley did not give a profit forecast during their white knight talks, it did provide a lot of information which fleshed out Compass's view of the company and the poor figures did not surprise him when they were published.

Mr Robinson said: "Sketchley is in a mess — it needs proper management. That is reflected for the first time in the shares price, which gives

us our opportunity."

Compass's main criticism of Sketchley is that management layers have been allowed to proliferate, while there has been inadequate financial and operational control of individual business units.

Robinson said that although Sketchley's name was associated with dry cleaning, its 500 shops accounted for less than 30 per cent of group turnover. The rest of the group was in vending and catering services, textile and workwear rental and office services.

Compass said it would dispose of Sketchley's vending business, other than its ingredient supply activities. It would also review Mollodra, which supplies computer peripherals and office cleaning services.

Whatever the industrial logic of a takeover, debate in the City is likely to centre on whether Compass is attempting to take advantage of Sketchley's disarray by acquiring the company at a knock-down price.

The view of the institutions is likely to prove decisive. Mercury Asset Management and M&C between them own 27 per cent of the group. MAM, which has a 17 per cent stake, had said it was deeply disturbed by Sketchley's trading performance and it immediately accepted Godfrey Davis's offer without waiting for a bid. M&C also has a 7 per cent stake in Compass.

The fact that talks were being held last night between both sides means that a recommendation by Sketchley to accept cannot be ruled out. However, there is a huge gulf between Compass's price and the Godfrey Davis offer, which the departing chairman, Mr Malcolm Glenn, rejected as "totally inadequate."

Pickwick records 33% advance

By Jane Fuller

PICKWICK GROUP, which distributes videos, records and cassettes, increased pre-tax profits by 33 per cent to £4.4m in 1989.

Sales, up 29 per cent to £53.2m, were split 60:40 between video and audio products.

The year included the company's first overseas acquisition,

Elap Music in Denmark, and the securing of a distribution agreement with Walt Disney for children's books and tapes.

Mr Ivor Schlossberg, chairman, said the company was the UK's leading video distributor. Margins had been improved by creating more of its own products, such as videos of Glasgow

Rangers' football and Paul McCartney's music.

Earnings per share were 12.5p (9.2p) and the final dividend of 3p makes a total of 15.5p (12.2p).

The company is 21.2 per cent owned by Pearson, the printing, banking and industrial conglomerate that publishes the Financial Times.

John Lewis pessimistic after 16% fall to £110m

By Maggie Urry

A 16 per cent drop to £110.1m in full-year pre-tax profits was yesterday reported by John Lewis Partnership, the department store and supermarket retailer which is owned by its employees.

The 32,000 partners (the employees) will suffer a fall in their annual bonus from 22 per cent to 17 per cent of salary.

Mr Peter Lewis, chairman, said retail conditions were the worst for many years, and any improvement in the current year was unlikely.

He told the partners: "The outlook for retail sales is not promising and our costs are still rising. The squeeze between the two looks likely to be more severe this year than last." High interest rates had particularly hit spending on housing-related goods, Mr Lewis said, and he was not hopeful of a fall in rates soon. The total cost of the partnership bonus was £41.2m, down from £47.5m. A partner on the average salary will receive a bonus of £1,590 (£1,810).

In the year to January 27, group sales rose by 7 per cent

from £1.92m to £2.05bn. But Mr Lewis said that costs rose nearly twice as fast as sales.

However, the final result was not as bad as had been feared earlier in the year. A sales pick-up in December had wiped out much of the earlier disappointments, but not all.

A cut in the pension fund contribution from £18m to £9m, prevented an even worse profit fall. However, there were also heavy exceptional costs, such as moving the central offices. Interest charges rose 72 per cent from £7.9m to £13.6m.

The department stores increased sales to £1,040m (£1bn), the Waitrose chain by 9 per cent to £980.3m (£884.5m) and the wholesale and manufacturing activities by 37 per cent to £45.4m (£33.1m).

During the year, five Waitrose supermarkets and one department store were opened. In the current year the group will open a further six Waitrose shops, a new department store in Kingston, south-west London, and will double the size of the department store in Watford.

CALA declines 17% as conditions tighten in south

By James Buxton, Scottish Correspondent

CALA, the Edinburgh-based builder of upmarket houses, ended a 15-year run of increased earnings yesterday when it announced a 17 per cent drop in interim profits.

Taxable profits for the six months to December 30 1989 were £2m, down from £3.6m. Turnover was up 15 per cent at £34.3m (£29.9m).

Mr Geoffrey Ball, chairman, said the results reflected very difficult trading conditions in the south of England, though this was partially offset by good performance in Scotland, and in commercial property.

Many sales in the south had been at reduced prices. Though CALA had decided two years ago to cut back building and land buying in anticipation of a slowdown, and to sell more houses forward, it had made provisions against a small number of sites. Its finance subsidiary had also made some provisions.

Mr Ball said CALA was reducing overheads, leaving it with low borrowings, enabling it to take advantage of opportunities to purchase land.

He said that CALA's regional spread and good site locations had enabled it to weather the severe downturn in the English market. Though the number of units completed this year would be less than last year, turnover was expected to increase.

Mr Ball did not expect the housing market to improve significantly in 1990, which was a most difficult year to forecast. "Sales trends vary from month to month and sentiment on interest rates oscillates almost weekly," he said.

Earnings fell from 6.61p per share to 5.53p, but the interim dividend is lifted to 1.15p (1.05p).

Shorco expands

Shorco has acquired the business of Messenger Brothers, a Birmingham-based survey equipment hire and sales company, for £100,000 cash. An additional profit-related consideration of up to £13,000 is also payable.

GRH
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Pre-Tax Profits : IR£80.57m - UP 27%

Earnings Per Share : 22.11p - UP 28%

Dividend Per Share : 5.25p - UP 17%

SPREAD OF OPERATING PROFITS

IRELAND: 32% UK: 20% USA: 22% MAINLAND EUROPE: 26%

66 With regard to the outlook, our very good geographic, sectoral and product spread gives us the confidence to predict another good year of progress for the Group. 99

J.D. TRAYNOR,
CHAIRMAN

Fall to £9m at Dares Estates

DARES ESTATES saw pre-tax profit fall by £2.46m to £9.1m in 1989, as a direct consequence of market conditions and concentration on capital growth.

In taking a longer-term view of the market, directors have held properties for growth rather than trading. That led to an increase in rental income from £4.61m to £7.23m and offset the effect of a drop in trading activity.

Net asset value per share rose from 30.5p to 42.4p. Directors estimated that rental income would reach £12m annually by the end of 1992 through reviews and reversions.

The company's operating profit actually increased from £13.32m to £14.6m. But a £2.72m downturn to a loss of £1.25m from rental income and a £1m increase in interest charges led to the overall shortfall.

Earnings were 2.1p. The 1988 figure of 4.14p was inflated by the proceeds of the £25.8m convertible loan issue, the first dividend on which was not reflected in the calculation of earnings; on a proportionate accrual it would have been 3.78p.

The final dividend is 1p for a total of 1.9p (1.3p).

North-east profits keep Cussins ahead

In spite of "excellent figures" from non-residential development, 1989 pre-tax profits at Cussins Property Group moved only fractionally ahead of 1988.

This Newcastle upon Tyne-based housebuilder and property developer made profits of £2.75m (£2.78m) on turnover 49 per cent up at £22.5m (£15.12m). Stripping out interest payable of £2.38m (£1.52m) and the share of losses of Cussins' associated companies of £1.94m (profits of £471,000), profits would have been £7.08m (£7.78m).

After tax of £687,000 (£935,000), earnings came out at 25.2p (25.2p) and the final dividend is lifted to a proposed 5.5p for a total of 9.55p (8.25p) for the year.

The north-east housebuilding operation increased turnover by 32 per cent to £20m, and, for the year as a whole, its profit margins rose from 23 to 31 per cent, resulting in a gross profit of £6.1m for the division. In commercial development, rental income rose by 12 per cent to £1.6m.

The net asset value at the year-end was 306p, up from 281.5p last time.

Ibex slips £50,000 to £1.95m in first year

Ibex Holdings, the recruitment consultancy and employment agency which gained a USM quotation last April, saw pre-tax profits slide by £50,000 to £1.55m in 1989. At the same time turnover grew from £28.83m to £36.37m.

The company said that Austin Benn, the recruitment consultancy, maintained its level of activity with a 37 per cent increase in operating profits. However, at ABC Contract Services a turnover improvement of 67 per cent was undermined by a 3 per cent reduction in operating profit after losses incurred opening new branches in 1989 of £240,000 (£50,000).

Finance costs rose to £250,000 from £124,000. Earnings worked through at 10.83p (11.26p) and a recommended final dividend of 1.9p makes a total of 2.83p for the year.

Mucklow expands 26% to £5.2m

A&J Mucklow Group, the West Midlands-based industrial property investment and development company, yesterday unveiled a 26 per cent expansion in interim profits.

Mr Albert Mucklow, chairman, said that in spite of the effects which current high interest rates continued to have on housebuilding, conditions affecting the group's activities remained favourable. Interest charges during the period rose from £750,000 to £1.45m.

Pre-tax profits in the six months to end-December totalled £5.17m, up from £4.11m in the corresponding period of 1988. Gross rents rose to £5.92m (£4.56m).

To reduce disparity an interim dividend of 2.53p (1.855p adjusted) is payable on earnings of 8.77p (8.99p) per share.

Thirst for Vimto boosts Nichols 24%

Pre-tax profits of JN Nichols (Vimto) rose 24 per cent in 1989 as fine weather last summer prompted a "particularly strong performance" by the core Vimto soft drink brand. On turnover up from £39.34m to £49.79m, profits of the Manchester-based group rose to £8.15m (£6.56m), struck after a profit of £1.56m (£464,000) from the disposal of investments.

81.2p (22.5p) and a proposed final dividend of 6p brings the total for the year to 10p (8.6p).

Kode tumbles into £1.5m loss

Kode International, the Wiltshire-based computer equipment company, yesterday reported a lapse into losses in 1989.

At the pre-tax level, the deficit totalled £1.46m compared with profits of £409,000 last time. However, directors said that adequate measures had been taken to remedy the situation and the slimmed-down group was now well placed to meet the challenges of the 1990s.

The group as a whole had traded at breakeven level in the second half and would concentrate its skills on its computer maintenance and services and printed circuit board businesses, they said.

Turnover fell to £27.8m (£33.3m) but distribution costs had been cut from £1.2m to £553,000.

The loss per share worked through at 21.5p (earnings 4.8p) and a maintained final dividend of 6p takes the total for the year to 7.5p (10p).

Homes division helps Ben Bailey up 47%

With the major proportion generated from the homes division, taxable profits of Ben Bailey Construction advanced 47 per cent to £1.08m for the half year to December 31.

But Mr Richard Bailey, chairman, said current trading was proving to be more difficult, as high interest rates were now having an impact on the market in South and West Yorkshire.

Profit for the half year compared with £712,000 and came from turnover of £8.18m (£8m). Completions totalled 116 new homes fetching an average of about £50,000. In spite of the problems, the forward order book was healthy.

Mr Bailey said the merchanting and property companies were trading reasonably well and should make a contribution to the full year.

Earnings worked through at 6.59p (4.35p) and the interim dividend is again 0.5p.

Synapse swings to losses of £249,000

Synapse Computer Services swung from profits of £468,000 to losses of £249,000 pre-tax for the six months ended January 31. Turnover edged ahead from £4.07m to £4.67m.

on exceptional adverse trading conditions in the US. In spite of expectations of positive growth in the US, anticipated orders for the group's American offshoot failed to materialise.

First-half losses per share emerged at 1.07p (earnings 8.54p). The company's shares are traded on the USM.

Improved margins help Gent gain 33%

Improved margins enabled SR Gent, one of the largest suppliers of clothing to Marks and Spencer, to continue its expansion and record a 33 per cent advance in pre-tax profits for the half year to December 31 1989.

Turnover rose 12.5 per cent to £58.57m (£52.3m), and profits worked through at £1.36m (£1.02m). With earnings up to 2.5p (1.9p) the interim dividend is raised to 1.25p (1p).

Current trading continued to reflect the product strength of the group's merchandise, directors said. Ladies knitwear had continued to sell "extremely well" and clothing goes from strength to strength.

A joint venture had been formed to develop a chain of retail fashion stores in this country and Europe to be called Episode.

Domestic & General raised to £1.46m

Taxable profits of Domestic & General, a provider of ancillary insurance, expanded from £1.04m to £1.46m over the half year to December 31.

Mr Martin Copley, chairman, said there had been no major changes in the core business, which had continued to develop largely through existing accounts.

He added that the non-core activities were becoming less significant to group results and were performing satisfactorily. UK installations, the recently-acquired gas appliances installation business, was the one disappointing division due to problems and costs arising from its relocation to Coventry.

Gross premium income rose by £2.98m to £9.6m, broking commission by £260,000 to £1.41m and other income by £531,000 to £706,000.

Earnings emerged at 12.84p (9.49p) after tax and minorities and the interim dividend is stepped up from 2.75p to 3.5p. Mr Copley said that the group's infrastructure would continue to rise in the second half as envisaged a slower rate thereafter.



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TI Group — Full Year 1989

Pre-tax profit	£111.5m	UP 31%
Earnings per share	49.0p	UP 29%
Dividend	17.5p	UP 30%

For further information about the TI Group, contact the Department of Public Affairs, TI Group plc, 50 Curzon Street, London W1Y 7PN.

The contents of this advertisement, for which the directors of TI Group plc are solely responsible, have been approved for the purposes of Section 57 of the Financial Services Act 1986 by Price Waterhouse as authorised persons.

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MINES - Contd

P/E	1987/90 High Low	Stock	Price	or -	Div Yld	Curr Ratio
8						
5						
Miscellaneous						
247	69	Amesbury Mining Co. of	159			

77.2	64	24	Burke Blwing 10c	24	
	50	19 1/2	Cooley Ret Corp.	23	
	125		81 Cons. Murch 10c	81	030c 55 95
	75		4DPR Inc	13	
				15	

11.5	427	30	Greenview Inc	52				
11.5	418	14	Stevens to Gail Hines	53	-4	\$020	1	
11.5	414	16	Northgate Mining S1	51	-4	\$200	1	
11.5	404	20	SKCature	48	-4			
11.5	474	2	2nd Mt. Finney Bnd Lake	12				
11.5	28	14	View Sabina Res CS1	15				
11.5	457	25	Northgate CS1	37	-12			
11.5	394	6	Wm. Grant Res	15				
11.5	80	80	Pittsford Mining 20s	86	-1			
11.5	605	40	WTG 210p	53	-4	\$150	3	3

1989/90		THIRD MARKET		1988/89		1987/88		1986/87		1985/86		1984/85		1983/84		1982/83		1981/82		1980/81		1979/80		1978/79		1977/78		1976/77		1975/76		1974/75		1973/74		1972/73		1971/72		1970/71		1969/70		1968/69		1967/68		1966/67		1965/66		1964/65		1963/64		1962/63		1961/62		1960/61		1959/60		1958/59		1957/58		1956/57		1955/56		1954/55		1953/54		1952/53		1951/52		1950/51		1949/50		1948/49		1947/48		1946/47		1945/46		1944/45		1943/44		1942/43		1941/42		1940/41		1939/40		1938/39		1937/38		1936/37		1935/36		1934/35		1933/34		1932/33		1931/32		1930/31		1929/30		1928/29		1927/28		1926/27		1925/26		1924/25		1923/24		1922/23		1921/22		1920/21		1919/20		1918/19		1917/18		1916/17		1915/16		1914/15		1913/14		1912/13		1911/12		1910/11		1909/10		1908/09		1907/08		1906/07		1905/06		1904/05		1903/04		1902/03		1901/02		1900/01		1899/00		1898/99		1897/98		1896/97		1895/96		1894/95		1893/94		1892/93		1891/92		1890/91		1889/90		1888/89		1887/88		1886/87		1885/86		1884/85		1883/84		1882/83		1881/82		1880/81		1879/80		1878/79		1877/78		1876/77		1875/76		1874/75		1873/74		1872/73		1871/72		1870/71		1869/70		1868/69		1867/68		1866/67		1865/66		1864/65		1863/64		1862/63		1861/62		1860/61		1859/60		1858/59		1857/58		1856/57		1855/56		1854/55		1853/54		1852/53		1851/52		1850/51		1849/50		1848/49		1847/48		1846/47		1845/46		1844/45		1843/44		1842/43		1841/42		1840/41		1839/40		1838/39		1837/38		1836/37		1835/36		1834/35		1833/34		1832/33		1831/32		1830/31		1829/30		1828/29		1827/28		1826/27		1825/26		1824/25		1823/24		1822/23		1821/22		1820/21		1819/20		1818/19		1817/18		1816/17		1815/16		1814/15		1813/14		1812/13		1811/12		1810/11		1809/10		1808/09		1807/08		1806/07		1805/06		1804/05		1803/04		1802/03		1801/02		1800/01		1799/00		1798/99		1797/98		1796/97		1795/96		1794/95		1793/94		1792/93		1791/92		1790/91		1789/90		1788/89		1787/88		1786/87		1785/86		1784/85		1783/84		1782/83		1781/82		1780/81		1779/80		1778/79		1777/78		1776/77		1775/76		1774/75		1773/74		1772/73		1771/72		1770/71		1769/70		1768/69		1767/68		1766/67		1765/66		1764/65		1763/64		1762/63		1761/62		1760/61		1759/60		1758/59		1757/58		1756/57		1755/56		1754/55		1753/54		1752/53		1751/52		1750/51		1749/50		1748/49		1747/48		1746/47		1745/46		1744/45		1743/44		1742/43		1741/42		1740/41		1739/40		1738/39		1737/38		1736/37		173	
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54	76	Sackville Bay 50	50	0.75	59	17	13
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97	119	St. Lawrence 50	50	12	59	17	13
98	120	St. Lawrence 50	50	12	59	17	13
99	121	St. Lawrence 50	50	12	59	17	13
100	122	St. Lawrence 50	50	12	59	17	13

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/E's are calculated

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AUTHORISED UNIT TRUSTS

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● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128.

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Money Market Bank Accounts

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar pauses to await data

THE TONE was nervous, but foreign exchange trading was relatively quiet yesterday, with no further co-ordinated intervention by central banks. On Wednesday repeated intervention by the US Federal Reserve eventually capped the dollar's advance in New York. The Fed sold dollars against the Japanese yen again yesterday, but had not intervened to support the D-Mark by the time London trading closed. There was also no sign of intervention by European central banks, after Wednesday's co-ordinated action, but dealers suggested the Bundesbank is unhappy with the dollar above DM1.70.

Comments by Mr Nicholas Brady, US Treasury Secretary, on the subject of interest rates tended to reduce the upward pressure on the dollar yesterday. He told a US Congressional sub-committee that the goal of the Bush Administration is to bring interest rates down. He added that inflation should fall as recent high energy and food prices moderate.

A further test of market sentiment and central bank resolve is possible today, with publication of the US employment data. A rise of about 225,000 is expected in February US non-farm payrolls, against 275,000 in January, but if the

figure is higher than forecast demand for the dollar is likely to increase.

At the London close the dollar had fallen to DM1.7020 from DM1.7070, to ¥150.80 from ¥151.25, and to FF5.7500 from FF5.7575, but had improved to SF1.5085 from SF1.5065, against a weak Swiss franc. On Bank of England figures the dollar's index declined to 68.1 from 68.3.

Earlier in the day the Bank of Japan sold around \$800m in Tokyo to support the yen, according to dealers, and may have also intervened in Sydney, via the Reserve Bank of Australia.

A softening of EuroSwiss franc interest rates contributed to a weakening of the Swiss franc. It lost ground against most currencies, including the D-Mark.

Sterling showed mixed changes, but remained nervous, amid suggestions that

the pound has surrendered its political stability premium to the dollar. Sterling touched a peak of DM2.9075, compared with DM2.9075 previously. The pound also slipped to ¥247.75 from ¥248.00, and to FF9.4450 from FF9.4525, but rose to SF2.4775 from SF2.4700. In terms of the dollar sterling gained 35 points to 1.6495 at the London close. According to the Bank of England the pound's index fell 0.1 to 87.7.

The Italian lira remained very firm, at the top of the European Monetary System. Milan the Bank of Italy bought D-Marks at the fixing and also intervened to support the French franc, as the lira threatened to move above its cross rate limit against the franc. At the finish of trading in London the D-Mark had rallied against the lira, advancing to L787.95 from L787.70, but was unchanged at FF3.3785.

EURO-CURRENCY INTEREST RATES

Mar 8	Short term	7 days	1 month	3 months	6 months	1 year
US Dollar	5.40-5.45	5.40-5.45	5.40-5.45	5.40-5.45	5.40-5.45	5.40-5.45
US Dollar	5.40-5.45	5.40-5.45	5.40-5.45	5.40-5.45	5.40-5.45	5.40-5.45
US Dollar	5.40-5.45	5.40-5.45	5.40-5.45	5.40-5.45	5.40-5.45	5.40-5.45
US Dollar	5.40-5.45	5.40-5.45	5.40-5.45	5.40-5.45	5.40-5.45	5.40-5.45
US Dollar	5.40-5.45	5.40-5.45	5.40-5.45	5.40-5.45	5.40-5.45	5.40-5.45
US Dollar	5.40-5.45	5.40-5.45	5.40-5.45	5.40-5.45	5.40-5.45	5.40-5.45
US Dollar	5.40-5.45	5.40-5.45	5.40-5.45	5.40-5.45	5.40-5.45	5.40-5.45
US Dollar	5.40-5.45	5.40-5.45	5.40-5.45	5.40-5.45	5.40-5.45	5.40-5.45
US Dollar	5.40-5.45	5.40-5.45	5.40-5.45	5.40-5.45	5.40-5.45	5.40-5.45
US Dollar	5.40-5.45	5.40-5.45	5.40-5.45	5.40-5.45	5.40-5.45	5.40-5.45

Long term Eurodollar rates: 9.5-10.5% per cent; three years 9.5-10.5% per cent; five years 9.5-10.5% per cent; ten years 9.5-10.5% per cent. Short term rates are for US Dollars and Japanese Yen; others, two days notice.

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FINANCIAL FUTURES AND OPTIONS

Symbol	Contract	Settlement	Open	High	Low	Close
Mar 8	100	100	100	100	100	100
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Mar 8	100	100	100	100	100	100
Mar 8	100	100	100	100	100	100
Mar 8	100	100	100	100	100	100
Mar 8	100	100	100	100	100	100
Mar 8	100	100	100	100	100	100
Mar 8	100	100	100	100	100	100
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CANADA

3pm prices March 8

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

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Continued on Page 43

NASDAQ NATIONAL MARKET

3pm prices March 8

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**3pm prices
March 8**

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FINANCIAL TIMES
FINANCIAL TIMES PUBLISHED WEEKLY

IPS for details.



FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

AMERICA

Dow stays on defensive as Hilton decides not to sell

Wall Street

A NUMBER of factors kept stocks on the defensive yesterday, including disappointment that Hilton Hotels, a long-time focus of takeover speculation, has taken itself off the market, writes Janet Bush in New York.

At 2 pm, the Dow Jones Industrial Average stood 3.61 higher at 2,673.20 on modest volume of 100m shares.

Hilton Hotels said late on Wednesday that it had decided against selling the company after various takeover proposals priced it far lower than expected.

Among other influences on stocks was the fact that this week's co-ordinated central bank intervention - and the threat of continued heavy intervention by the Group of Seven industrialised nations - seems finally to have succeeded in capping the dollar's rise.

There was also a sense of caution before today's February employment report. A rise of between 200,000 and 375,000 is being forecast in the non-farm payroll, largely due to a recovery in the auto sector.

A rise towards the upper end of that range would serve to confirm the widely held view that there is little prospect for lower interest rates.

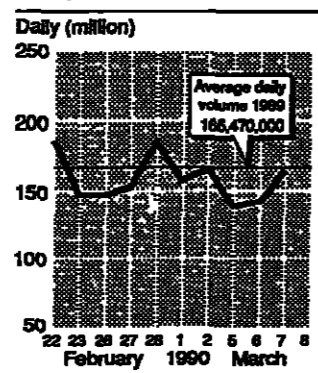
Mr Manuel Johnson, vice chairman of the US Federal Reserve, said in Tokyo overnight that he saw no signs of easing economic weakness, confirming the view of many that the Fed is not going to

ease monetary policy further.

Mr Nicholas Brady, US Treasury Secretary, said in testimony to a House of Representatives sub-committee yesterday that the recent rise in US interest rates was a matter of concern for the Administration.

Few market participants

NYSE volume



believe that the Dow Jones Industrial Average can progress much beyond 2,700. The Dow touched a session high on Wednesday of 2,696.86. Another worrying indicator, according to Mr Newton Zinder, technical analyst at Shearson, Lehman Hutton, is that the Dow Jones Transportation Average, which he regards as a good short-term market bellwether, has been dropping sharply.

Among featured issues, Hilton plunged 11% to 440, dragging other hotel stocks lower. Marriott fell 4% to \$39, and Caesars World also

dropped 3% to \$23. Other

takeover candidates were also hurt. UAL, the holding company for United Airlines, for example, dropped 2% to \$120.

NCNB, the south-east banking group, fell 1% to \$43 after two leading brokerage firms cut their earnings estimates for this year and next, citing rising problem loans.

C.R. Bard slumped 3% to \$14 after the company recalled two catheter models and said that the move would lower first quarter earnings by 10 cents a share.

Fluor fell 4% to \$42 after reporting a rise in first quarter earnings to 35 cents a share from 27 cents a year earlier because these results were towards the low end of forecasts.

USX added 3% to \$36. Investor Mr Carl Kahn submitted a resolution calling for the spin-off of at least an 80 per cent stake in the company's steel operations. Mr Kahn holds a 13.3 per cent stake in USX.

Canada

MORNING trade was tentative in Toronto where the composite index rose 1.4 at 3740.0 on light volume of 1.6m shares. Compustar dropped 10 cents to C\$3.15 after announcing a default on two loans. Consumers' Gas gave up C\$4 to trade at C\$30.4 after surging C\$1.4 on Wednesday following British Gas's bid of C\$34 a share. Firmer banks included Bank of Nova Scotia, up C\$4 to C\$14.4.

ASIA PACIFIC

Bargain-hunters bring run of Nikkei falls to an end

Tokyo

INVESTORS hunted for bargains yesterday and the market closed higher for the first time in four trading days. There was a growing sense of relief as the market overcame a wave of arbitrage selling and the currency and bond markets remained stable, writes Michio Nakamoto in Tokyo.

Early selling in arbitrage with the futures market took the Nikkei below the 33,000 level for the first time in seven sessions. But the Nikkei then rebounded sharply, rising by more than 470 points by the morning close. The index fluctuated between a high of 33,336.61 and a low of 32,971.42, before closing up 328.55 at 33,699.96.

Advances led declines by 666 to 267, while 169 issues were unchanged. Turnover remained weak at 604m shares, although this was much better than the 443m traded on Wednesday. The Topix index of all listed stocks rose 20.27 to 2,586.54 and, in London trading, the ISE/Nikkei 50 index rose 1.70 to 1,837.73.

Yesterday was the last day for trading in the March futures contract; investors had been concerned that there would be a flood of selling by arbitrageurs with cash equity holdings. In the event, the amount of such selling was far less than feared.

Nevertheless, yesterday's rise in the market was hardly like the rebound of a rubber ball," said an analyst at Sanyo Securities. It was more of a gradual strengthening of the foundations than a recovery.

Concerns about index-linked

selling yesterday encouraged investors to pursue issues that were not included in the Nikkei index, said one analyst. The list of top volume issues featured a number of less familiar names. Miyoshi Oil and Fat was third in volume with 7.5m shares and gained ¥120 to ¥1,180. Okura Industrial, a medium scale chemical manufacturer, was fourth in volume terms and gained ¥80 to ¥1,570.

Matsushita Communication Industrial, a producer of communication equipment which is majority owned by Matsushita, the electronics giant, gained ¥260 to ¥3,830, also in active trading.

Smaller issues enlivened activity in Osaka and the OSE average rose 67.61 to 86,197.55. Volume grew to 101m shares from 100m on Wednesday.

Roundup

TOKYO'S continued unpredictability encouraged a mood of caution throughout the Asia Pacific region, with investors in light trading, aided by the mild recovery in Tokyo. Volume was little changed from Wednesday at 82m shares, near its lowest level this year. The Straits Times industrial index climbed 7.05 to 1,576.95.

TAIWAN weakened on persistent political uncertainty over the coming presidential election. The weighted index shed 42.24 to 11,373.32. Buying interest slackened as investors hesitated to make large orders while the power struggle continued within the ruling party. Volume was about 542m shares, down 40 per cent from Wednesday.

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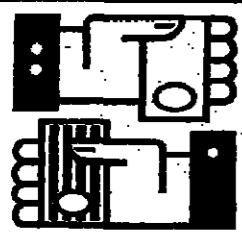
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FINANCIAL TIMES SURVEY



While Chicago feels the effects of last year's investigation by the FBI, the futures industry is becoming more global, says

Deborah Hargreaves. There are strong challenges from new exchanges in Europe and Japan, which use the newest technology.

More join the bandwagon

WHILE THE investigation continues into fraud on the floors of the world's two leading futures exchanges, in Chicago, the city is losing its grip on global business to new exchanges springing up in different time-zones.

In spite of growth close to 70 per cent in Chicago's two markets in the past four years, they have lost market share. They now account for just over half of the world's futures activity, compared with more than 70 per cent at the beginning of the 1980s.

Other markets are gaining ground as derivatives become more acceptable to even the most conservative investment funds. As the industry moves towards 24-hour trading, new markets in time-zones outside the US stand to gain international users as well as their domestic clients.

Tokyo's Japanese bond futures contract, which has only been trading for two years, is already trading more in value than the Chicago Board of Trade's Treasury bond futures contract which, for a long time, was the world's busiest futures product.

Chicago's exchanges must extend their reach beyond the US if they want to continue to dominate the industry. For this

reason, both are developing screen trading systems that will function when their markets are closed.

The probe by the Federal Bureau of Investigation, which has dented the city's image, has also forced changes in the way the exchanges do business — the markets are pioneering electronic trading cards that will provide a more accurate record of trades as they occur.

The FBI moved into Chicago two years ago. When the huge undercover probe came to light, it seemed the bureau was out for the kill. Threats reverberated of massive indictments and multi-million dollar fraud. However, if the FBI is aware of widespread cheating that reaches to the top of Chicago's trading houses, it has yet to produce evidence. Although the investigation continues and has been extended to other trading pits, it has so far charged fewer than 50 traders with abuse — only 1 per cent of the city's futures traders.

Almost half of those indicted have been charged under the RICO statute (Racketeering Influenced and Corrupt Organizations Act), which can mete out stiff sentences as well as allow the seizure of personal assets. The most serious charges centre on collective

World volume of futures trading

Millions of contracts



FINANCIAL Futures and Options

schemes, in certain trading pits, to defraud customers by assigning losing trades to small local traders who would then receive kickbacks from larger brokers. But the rest of the charges are for fairly minor infractions, which have been all but forgotten as customers rush to the windy city's deeply liquid futures pits.

The trials are due to start next month but, like the initial investigation, are expected to do little to dent volume. Trading activity at the Chicago Mercantile Exchange rose by a third last year, on the back of

burgeoning volume in the exchange's Eurodollar futures; and although the trading level at the Chicago Board of Trade dropped by 3 per cent, that exchange still leads the world, far ahead of its competitors.

Although the probe has exposed a tacit agreement between broker and customer that the market-user will be cheated now and again, customers have not shied away from futures. One trading adviser in Chicago says his overseas customers are more concerned about the sort of overall price protection avail-

able in a liquid market than the quarter of a cent they will be ripped off here and there.

More important, the FBI probe has acted on the Government's and regulators' perceptions of Chicago's markets as a mecca for speculators. The probe could not have come at a worse time for the futures industry's highly-prized self-regulatory status, because it coincided with Congress's routine examination of the Commodity Futures Trading Commission (CFTC) prior to reauthorisation. The process is still under way as Congress

resurrects some of the concerns that have dogged the industry for years, which flared up again in the wake of the 1987 crash, and were just abating when the investigation thrust them back into centre stage.

The reauthorisation Bill is expected to toughen up on the CFTC's role and increase its budget, so that it will be able to police the exchanges more effectively. The CFTC's "softly-softly" approach to regulation has often been criticised by Congress and by players outside the futures industry.

IN THIS SURVEY

The implications of new technology	2
Off-exchange trading; Index participations	3
The CBOT; US regulation; Block trading	4
London; and the European markets	5
Sweden; Japan; Futures funds	6

Editorial production: Martin Davies

Although the agency is getting tougher — as its ban on dual trading shows — an influential body of opinion in the US would still like to see a single regulator responsible for futures and their derivatives. Congress is still considering a merger of the Securities and Exchange Commission with the CFTC, in spite of a violent futures lobby against such a move.

A clash between the two regulators on jurisdiction over several new products that were launched last year has brought the merger debate to a head. When the American Stock Exchange, the Chicago Board Options Exchange and the Philadelphia Stock Exchange started trading index participations — baskets of stocks which are traded like options — Chicago's futures exchanges protested that the products were similar to futures contracts and should therefore be regulated by the CFTC.

The CME and the CBOT successfully sued the SEC, which approved the products and transferred jurisdiction for them to the CFTC. However, the SEC is likely to appeal, which could result in joint oversight being given to both regulators. How any partnership between the SEC and the CFTC would work is not clear, because each adheres to a different set of rules governing its market.

One area that Congress would like to see rationalised between the regulators is margins. The different margin level on futures and securities is a long-standing bone of contention between the two industries, in which margin has a different function. The futures industry stresses that its low margins are performance bonds, and therefore should not be as high as the levy on stocks. But futures seem to be losing the argument, and could expect to see some increase in margin soon.

The industry has a vociferous lobby in Washington, and is ever eager to underline the risks of losing business to markets overseas. Futures exchanges around the world are proving tough competitors as they start up with the newest technology and a dedicated brokerage community. As derivatives are employed by more fund managers, for hedging their global assets, most countries with established cap-

ital markets are looking to jump on the futures bandwagon.

In late February, Belgium became the latest to announce that it was setting up a screen-based futures and options exchange. The market will initially trade a 10-year notional bond futures contract, options on 10 Belgian stocks and a stock-index option, when it starts up early next year.

It is the success of Sweden's options market OM that has prompted some countries, like Spain and Norway, to consider setting up their own derivatives exchanges. OM is pioneering a European network of screen-based exchanges, which has started in a modest way by listing Swedish stock options and a few local products, but could have wide potential.

But Europe's futures industry is currently dominated by the London International Financial Futures Exchange (Liffe) and France's Marché à Terme International de France (Matif).

The Matif has relied on a couple of key contracts to establish the exchange and, although it lists a wider range of financial and commodity products, its volume comes largely from government bond futures. Liffe is more diversified, and its activity is spread over a wider range. But Liffe's volume fell behind Matif's for the first time last year. Matif pulled ahead in the exchange's fierce battle to gain precedence when it traded 26m lots, compared with Liffe's 24m.

However, Liffe has seen a huge leap in contract volume in the first few months of this year, as trading in German bond futures has soared amid concern in the cash market. Liffe is in the unusual position of trading the only futures contract on a cash market that is in a different country. Liffe's Bund futures contract is now looked to as a key indicator for the German bond market.

Liffe may lose the franchise, however, when Germany's own derivatives exchange lists a competing contract this August. The Deutsche Terminbörse started up in a small way at the end of January with its listing of options on 10 German stocks. The DTB runs a screen-based system similar to the one in place in Switzerland, which could develop into a strong competitor to the Matif and Liffe.

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FINANCIAL FUTURES and OPTIONS 2

Electronic trading goes to the heart of the debate about the industry's evolution. FT writers consider the impact of new technology

Screens stretch time

WHEN THE sweaty scrum on the trading floor of the London International Financial Futures Exchange disperses at the end of the day, the exchange moves into the electronic age for an hour and a half, as traders play out their business on an elaborated video game.

Liffe developed its Automated Pit Trading (APT) system in a bid to extend its trading day, and to capture more European and US interest in its contracts. Although the system resembles a video game, it requires a trader's skill to operate, because it tries to represent the dynamics of futures trading on-screen.

APT got off to a modest start after its inception at the end of November. Initially, it listed only two of Liffe's products: Euromark and German Bund futures. For several months, the system was trading an average of 2,000 lots per session; but, as the market for German Government bonds entered a wildly volatile period early in February, trading on APT reached a level closer to 4,000 lots.

Liffe recently listed its long gilt futures on APT, and it plans to launch three more of its major contracts on the system this month. The exchange also has plans for a morning session. Although it does not expect APT to take over from its physical open-outcry market in the near future, it is considering the possibility of listing thinly-traded contracts solely on APT.

Electronic trading reaches to the heart of the futures industry's debate on its evolution, as established derivatives exchanges face the challenge from nascent screen-based markets around the world. Exchanges are confronting the need to lengthen their trading time as the industry becomes more global.

Those exchanges that have decided to proceed along the electronic route are facing a philosophical split over which form their investment should take. The industry is divided between those exchanges that opt for order-matching systems and those, like Liffe, that prefer to harness a trader's skills in some sort of representation of a physical trading pit.

Chicago's two major exchanges are facing just those differences, in their bid to

merge their two electronic systems into an industry-wide network. While the two exchanges remain embroiled in negotiations, this year should see the launch of the Chicago Mercantile Exchange's much-vaunted Globex system that it is developing in conjunction with Reuters.

The CME has heralded the advance of Globex as the trail-blazer for the industry, and has made an effort to sign up other exchanges in a bid to turn Globex into an industry-wide network. However, its rhetoric has begun to wear thin as the launch of Globex has been delayed again and again - if it eventually gets off the ground in May, as is now planned, it will be eight months behind schedule. In addition, the exchange's bid to extend Globex to other markets worldwide has had to be put on hold while it talks to the CBOT.

There is still a question-mark over Globex. Market observers wonder whether the technology will be obsolete before it becomes established. Globex provides straightforward order-matching facilities without the graphics of APT or Aurora - the CBOT's system - but it has been criticised as having a slow response time and being expensive to use.

While APT responds to a command within a fraction of a second, Globex takes several seconds to register. This is to be expected, given the huge reach of the expected Globex network; however, it raises the issue of how Globex would cope with a fast-moving market and a deluge of orders.

In addition, Globex will charge a fairly high transaction fee for doing business on the system, of which it will be a levy payable to Reuters. At the end of a 12-year contract between Reuters and the CME, it is unclear who will have control over the system.

When Globex starts in May, it will do so alone, because the CME and CBOT remain embroiled in talks about marrying their two dissimilar systems. Neither side can agree on the configuration of a screen for a joint system, given the opposite directions that each exchange has been pursuing.

France's Matif has signed up to join Globex, but this is the only international market to jump onboard. The fact that

negotiations with other exchanges were put on hold when the CME and the CBOT started to talk about merging their two systems has angered other exchanges, which could now be looking at developing their own systems instead of listing their products on Globex.

Another issue that could hamper Globex's chances of becoming an industry benchmark is its acceptance by international regulators. The Commodity Futures Trading Commission, the US regulator, has been eager to promote electronic trading in its ready acceptance of Globex. However, Japanese officials could take a different view, and the Ministry of Finance has not yet decided whether to class Globex as an overseas or a domestic trading environment. If Globex is forced to trade under local Japanese laws, it will be virtually impossible to use in Japan.

Japanese involvement in Globex is a key to the system's success, and it will be a severe blow for the CME if it becomes embroiled in a lengthy dispute over regulation with Japanese authorities. One of the reasons for the development of the system is a bid to attract greater Japanese participation in its markets by providing a liquid market that functions during the Asian time-zone.

As the drive toward globalisation of the futures industry intensifies, and established exchanges feel the competitive force of new markets around the world, they will continue to look for ways to woo new customers.

Opposition to screen-based systems has crystallised around the fear that they will eventually take over altogether from the time-honoured practice of open-outcry trading in the futures markets.

Technology has crept to the very edge of the futures exchanges' trading floors. Although exchanges insist that it will go no further, many traders remain unconvinced. In spite of teething problems with many of the new screen systems, and the delay in implementing Globex, the 1990s could be the decade that sees the futures markets move onscreen.

Deborah Hargreaves

WHILE THE debate about the use of computers in trading strategies has, for at least two years, centred on the form of programme trading known as "stock index arbitrage", a more fundamental battle is about to rage.

Last month, the New York Stock Exchange, which has battled to hold on to floor trading in the face of technological advances, admitted that it was studying the setting up of an after-hours session.

Most commentators believed they saw the first step being taken towards an off-floor, electronic, screen-based NYSE.

There are a number of compelling arguments in favour of screen-based markets:

■ The scandal in the open-outcry futures and options exchanges in Chicago has convinced many that a floor system is open to abuse, and cannot be as easily regulated.

■ Old-fashioned trading structures no longer serve the needs of large institutional traders who increasingly dominate the markets.

■ The world trend is to electronic market-places, which are arguably more efficient and cheaper. US regulators and

THE ADVANCE of screen trading remains the bogy of the established derivatives business. It is no accident that the only experiments to date have been outside the US.

Lacking the deep liquid futures and options markets born of the American derivatives culture, green-field European exchanges have harnessed technology in the pursuit of market share. Projects have ranged from the modest efforts of Ifox, in Dublin, to the highly ambitious German exchange, the Deutsche TerminBörse (DTB).

If there is a single key to a flourishing exchange, it is the task of amassing liquidity. The irony is that no one has yet proved wrong the suspicion that computers may actually discourage this golden egg of the futures industry. Most of the electronic exchanges have been relatively modest affairs - the New Zealand Futures Exchange, for instance, set up to trade the domestic government bond future, worked from the premise that, in a country where the distances were so vast, the computer was really the only answer if one wanted to create a single exchange.

A more recent example is the Irish Ifox, opened last year, on a system built by the

A pointer from New York

exchanges are concerned about a loss of competitiveness to overseas centres which have set up more modern structures.

The Chicago Mercantile Exchange, the Chicago Board Options Exchange and the London International Financial Futures Exchange have all unveiled new computer networks which bypass the floor. Reuters and Telerate, the two giant screen-based information and trading networks, are at the forefront of the automation craze.

In the context of these far-reaching changes, the NYSE does look decidedly behind the times. The system now in place is a strange hybrid of screen-based and floor trading. Although most daily trades are originated in the upstairs dealing rooms of Wall Street's large block traders, each still has to be taken down to the floor and executed through a specialist.

The onslaught against the specialist system intensified after the stockmarket crash of October 1987, when many specialists simply couldn't - or wouldn't - stand up to the selling deluge.

Their inability to provide liquidity in those extraordinary conditions simply underlined what many had for a long time thought: that institutional investors were now too large, and wanted to deal in too great a size for the structure of the market as it now stood. Some believe that no amount of tinkering with specialist capital will alleviate this problem.

The debate about programme trading has almost always been confused. The term is often used to refer to stock index arbitrage, a particular trading strategy in which traders attempt to capture the price difference between a stock index such as the S&P500 and S&P500 futures contracts. This arbitrage tends to create large swings in the market.

It is not computerised trading itself that has been an issue. Institutions now enter orders into the NYSE's Superdote electronic order system Superdote, but these then have

to be executed by specialists on the floor which inevitably slows up the process. The block-trading houses, which match buy and sell orders on screen, believe that the market would be much more efficient if they were allowed to "cross" or transact trades on screens without using either brokers or specialists.

The tension between a traditional, floor-based secondary market and built, institutional trading has led to a startling reappraisal of the market structure. It is a difficult question.

The specialist system serves smaller customers well, with business conducted openly. There is a fear that individuals would be locked out of the information flow if a switch were to be made to screen trading. But many professionals answer this point by saying that, in an increasingly sophisticated and fast-moving market-place, individuals should put their money into mutual funds and leave trading their portfolios to the professionals.

Janet Bush

New exchanges on trial

International Commodities Clearing House, which is a more advanced version of the New Zealand model. Set up to trade domestic products, it seemed a suitable commitment to a market whose importance could not warrant building a US-style exchange.

The most ambitious new exchange to opt for electronic trading has been the DTB, which opened at the end of January. The Germans have come late to derivatives, but prospects are bright. International participants are particularly curious to watch the course of events after August, when the DTB lists the 10-year government bond future (Bund), recently Liffe's star product, in what will be the first test case of directly competing products on an established open-outcry exchange and a new electronic market.

Electronic innovation in Europe has been born of political necessity - for example, the DTB, and also Soffex, the two-year-old Swiss options market. Rival stock exchanges in Zurich, Basle and Geneva, were unprepared to cede control of a fashionable innovation to a regional competitor,

so Soffex appeared to provide the answer.

In Germany, regional stock exchanges were even more entrenched in their differences; but electronic derivatives markets have stirred up the consensus sufficiently to spur moves towards computerising equity and bond trading on the antiquated exchanges themselves.

If electronic derivatives exchanges have been in the vanguard of change in the more backward European capital markets, their prospects for success are still mixed. Given the increasing importance of the German market, no one doubts that the DTB will work. Whether the plethora of other small exchanges planned - most recently Belfor, in Brussels - will mature, only time will tell.

In pure turnover terms, Soffex has considerably exceeded official expectations. But traders have persistently complained about slow response times of the system when its load increases.

Automated exchanges have the ugly spectre of complete collapse when traders have to resort to the telephone. Soffex

has not been allowed to forget the three days last summer when the system was down, ironically as a result of expanding its capacity. Some frustrated traders asked the exchange to turn the clock back and find them a room in which to continue their business in a physical auction, but most were content to use the telephone, or not trade at all.

While these are early days in terms of the industry's technological development, the market also cannot afford to be too patient. After all, the new exchanges' raison d'être is to provide additional flexibility in an increasingly swift-moving price environment. There is no very sophisticated instrument to hedge the risk of the central computer going down.

A wider question is market quality. What effect do the new systems have on market depth and liquidity? Crudely, are traders more, or less, willing to trade on a screen, and are the prices that evolve better, or worse?

The most active futures contract is the Japanese government bond future in Tokyo, traded on CORES-F, the auto-

With considerable encouragement from the Securities and Exchange Commission, the NYSE last year created a new market structure - which only peripherally involved specialists - for institutions that want to trade portfolios of stocks in their entirety. The system was still a mixture of floor and electronic trading, but used competing market-makers much like the screen-based Nasdaq over-the-counter market.

At hearings on the new basket product and trading system at the SEC in Washington, the Commission made it quite clear that it supported any efforts to modernise trading and compete with other exchanges. The SEC has also been supporting the study for an after-hours session.

There is no doubt that computers will remain a popular tool for investors and traders. The most radical development in the 1990s, however, is likely to be further moves towards electronic trading on computer networks, which will match buyers and sellers around the world and around the clock.

Katharine Campbell

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FINANCIAL FUTURES and OPTIONS 3

London's off-exchange market has received a jolt... But off-exchange equity options are beginning to show their paces

Appeal ruling fails to restore certainty

ONE BENEFIT of an over-the-counter market for futures and options is that it allows room for creativity and financial innovation.

Such markets have blossomed in recent years. However, a significant sector of London's off-exchange derivatives market is still reeling from the shock of a High Court ruling in November, which sent it into paralysis.

The UK takes a large slice of the \$2,000bn (£1,175bn) currency and interest-rate swaps market, which is anchored in the US and has grown from a negligible level at the beginning of the 1980s to its current gargantuan proportions. It is local authorities' involvement in this market that has caused its present problems.

In November, the High Court judgment in the case involving the London Borough of Hammersmith and Fulham meant that swaps activity was unavailable to local authorities, and also cast doubt over the actions of other non-incorporated bodies such as building societies. An Appeal Court judgment in February partly overturned this ruling, but did not remove the uncertainty that had settled on the swaps market.

The litigation has had implications across the swaps market, and has thrown the whole over-the-counter sector into confusion. It could have the effect of pushing financial innovation offshore, and prompt international banks to take their creativity elsewhere.

The swaps market has been one of the fastest growing areas of the international capital markets since its inception in 1982, and the value of swaps outstanding regularly grows at a rate of 50 per cent a year. The most recent survey by the International Swap Dealers' Association puts market activity at \$467bn in the first half of last year.

At the height of its activity in the market, Hammersmith and Fulham accounted for over 10 per cent of the \$53bn UK swaps market. The High Court ruled that the borough was stepping outside its general powers when it engaged in speculation and trading in swaps.

The appeal judgment made a distinction between interest-rate management and trading in the use of swaps. It ruled that before July 25 1988, Hammersmith & Fulham had been trading in the market, and that its activities had been unrelated to its actual level of debt and investment. The banks could take further court action to recoup money the council owes them on these deals.

The imbroglio has had an immediate effect on the UK swaps market, by reducing its

depth and increasing hedging costs by widening bid-ask spreads. Volume in the deeply liquid swaps market is yet to suffer, but market players say it could push business away from London in the long term. London is one of three centres for the deeply liquid and mobile swaps market, although the UK has seen its market share eroded in recent years as Japanese swaps business has burgeoned. The market's home remains in New York, where innovative swap instruments have proliferated.

The swaps sector is a sophisticated institutional market, and has therefore escaped the direct scrutiny of a single regulatory agency, although the large banks involved are subject to oversight.

When the US futures industry regulator, the Commodity Futures Trading Commission (CFTC), proposed that it include the swaps sector under its auspices at the end of 1987, a lot of business fled overseas. The present commodity swaps business was most affected by the CFTC's decision, because it was only just becoming established. It moved its base to London.

Last year, however, the CFTC created a safe harbour for swaps, and said it would stay away from regulating them as long as the contracts were exchanged between sophisticated counterparties without any retail involvement.

Brokerage houses were quick to make announcements that they were moving their commodity swaps - principally oil swaps - back to the US, creating an environment for a huge growth in business.

The commodity swaps situation is an example of how quickly an over-the-counter market can move from one centre to another. Market players now fear that international banks will move their London-based business to other European countries in the wake of uncertainty surrounding the swaps business in the UK.

It is difficult to imagine a more complicated situation developing in the swaps business. In the UK, the problem is a political one and not a market one, and it has become more complex since the situation was turned over to the courts.

The lack of a regulatory structure for the swaps business means that contracts can be tailor-made for clients, and can run over a long time period without the need of continually adjusting margins and positions, as is the case in the futures markets.

Innovative instruments such as caps, floors and collars are one of the fastest growing areas of the market, and

accounted for a trading volume of \$147bn in the first half of last year. Swaps, which are options on swap contracts, reached a level of \$40bn.

The issue of bonds in the European market was the driving force behind the swaps market in its early days, but the market is moving increasingly away from its association with debt and towards secondary swaps. These contracts occur when parties transact the swap independently from raising debt.

As the swaps market has become established, swaps have been employed in a variety of strategies, and are being used increasingly by asset managers for portfolio hedging and asset translation. Swap houses see this as the fastest growing section of the multi-billion dollar market.

It is unlikely that the Hammersmith and Fulham court case will have a significant effect on the international swaps market, given its huge depth, but the uncertainty that has clouded the market for many months could push business away from the UK.

Deborah Hargreaves

THE OVER-the-counter (OTC) market in equity options is one of the most exciting and innovative derivatives markets around at the moment.

It is a young market, fast growing and - for the moment - very compact and integrated, in that it is almost exclusively London-based. The teams running the show can be almost counted on the fingers of one hand. They are highly trained and highly motivated, and everybody knows everybody else's business.

OTC equity options evolved out of the aftermath of the stockmarket upheavals of late 1987. The great crash, which brought world equities to their knees, triggered a scramble among fund managers for wider and more efficient forms of portfolio protection.

Initially, the upsurge in demand for options-based stockmarket insurance focused attention on the world's traded options markets. But demand flows quickly shifted, and partly bowled along by the huge success of off-exchange traded currency options, a market in OTC equity options was soon in operation.

Further impetus was provided by the mounting popularity of the various forms of warrant market, notably warrants linked to Japanese Euro-bond issues. And over the past 15 months OTC equity options have really begun to show their paces. By conservative calculations, weekly turnover

is now thought to be running at two to three times the level of the London traded-options market.

Size, maturity and simplicity of operation are the main keys to the success of OTC equity options. A handful of US and Japanese securities houses dominates the market. The main UK player is James Capel, though acting as agent in setting up deals rather than as principal marketmaker.

In London, was hit hard last month following the wholesale defection of its equity options team to Credit Suisse First Boston.

For the moment, the flavour of the London market is still predominately local. According to one informed estimate, around 50 per cent of the daily turnover in OTC equity options is UK-based with perhaps a further 30 per cent arising out of trades among other professional

segments of contracts. This type of professional business accounts for a large slice of London traded options volume.

The market centres almost exclusively on index contracts, with the big two equity markets, New York and Tokyo, making the running. There are no precise forms of measurement, but a number of educated guesses suggest that the Nikkei Dow accounts for possibly twice as much daily vol-

ume as the next most heavily traded contract in London, the Standard and Poor's index.

The length of an OTC contract can extend to 15 years. But deals of this size are still relatively rare. Ten years would be considered a long run, and the average is probably closer to 36 months with \$25m as the figure most marketmakers would probably quote for an average size of contract.

Contracts have been known to go as high as \$100m, but that tends to push up the fees. On a standard \$25m European-

style put contract, giving a client the right to buy an index in three years time, the overall cost would be around 6 per cent of the contract size, or \$1.5m.

Thus the service does not come cheap. But then the risks to the principal are very real, and the effective insurance cover to the money manager equally tangible. Whatever the individual's view of the effective costs-benefit ratio, the plain fact is that business in London OTC equity options is booming.

Jeffrey Brown

Bells and whistles count

The near monopoly that London holds on the business stems from a combination of factors, not least the youth of the market. More fundamental factors range from regulation in Tokyo and (to a lesser extent) in New York to limited local derivatives markets within mainland Europe. Differing tax treatments have also played a part

The near monopoly that London holds on the business stems from a combination of factors, not least the youth of the market. More fundamental factors range from regulation in Tokyo and (to a lesser extent) in New York to limited local derivatives markets within mainland Europe. Differing tax treatments have also played a part.

But the field of play is widening, and the success of the game has begun to show signs of spawning a lucrative transfer market. Bankers Trust, one of the principal marketmakers

als. That leaves an international ratio of around 20 per cent, most of which comes from mainland Europe.

Unlike traded options, OTC options do not have pre-conceived parameters. There can be a certain amount of standardisation, but most OTC contracts are tailor-made to the client's needs - with fees following a similar pattern.

But the overlap between the traded and non-traded options market is considerable. OTC marketmakers use the traded options market as a form of reinsurance, laying-off large

volume as the next most heavily traded contract in London, the Standard and Poor's index.

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Index participations

Regulators may get joint control

INDEX participations are probably the most controversial new product to come out of the US futures industry in the past few years.

It was the 1987 stockmarket crash that prompted exchanges to try and develop a vehicle for large investors to trade baskets of stocks. Index participations were the result of almost two years of consultation - but no sooner had trading started than the market was frozen by litigation.

The American Stock Exchange, the Chicago Board Options Exchange and the Philadelphia Stock Exchange all developed index participations at more or less the same time. They proved hugely popular with investors, and trading exceeded 50,000 lots a day on debut. This added up to an underlying value of over \$100m.

But the contracts were not allowed to trade for long. Chicago's two rivals exchanged the Securities and Exchange Commission - the regulator that sanctioned the contracts for the options exchanges. The futures case successfully proved in court the contracts had so many features of futures products that they should come under the auspices of the futures industry regulator, the Commodity Futures Trading Commission.

Since then, the market has been paralysed, as the index participation contracts have ceased trading and the futures exchanges have yet to develop a competing product.

The options exchanges were furious. The SEC is likely to appeal against the ruling, and the most likely outcome is that the two regulators will be given joint jurisdiction over the products. How this partnership would work is not clear, because futures and securities come under different sets of

rules. If the two regulators do come together over index participations, the court case could prove to have backfired on the futures exchanges. They have long resisted any closer relationship between the SEC and CFTC, because they fear the securities regulator's involvement in their market.

But there continues to be strong demand for index participations, so much so that a group of financial firms has developed similar cash-basket products for launch in the US later this year. The group, which consists of Citibank, Beijer Capital (a Swedish brokerage firm) and the European Options Clearing Corp, will offer 24-hour trading in the baskets over the telephone.

The plan is to market a range of 10 to 15 cash baskets, based on top stocks from different countries. However, the launch of the first product, which is to be based on a basket of Swedish stocks, has been delayed because of a Swedish bank strike.

It is uncertain whether the baskets will be able to capture the frustrated demand for index participations in the US, but there is certainly a wide demand for international products of this nature. The firms plan to launch baskets on German, French and Japanese stocks this year, with UK and US baskets to follow.

The cash baskets will not be traded in the US until the court case over index participations is cleared up, but US firms will be able to take them on their books in other locations. By the time the dispute about the regulation of index participations is over, the market for them could have moved overseas.

Deborah Hargreaves



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FINANCIAL FUTURES and OPTIONS 4

Problems at the CBOT

Ceres' harvest spoilt by global reapers

ANGRY FARMERS, suspicious detectives from the Federal Bureau of Investigation, avaricious rival exchanges eager to poach business: the Chicago Board of Trade has faced a bucketful of problems in the past year or so.

When its magnificent art deco building was finished half a century ago, a statue of the Greek goddess Ceres was placed on the pinnacle of the roof, in the hope that she would smile on the pits below. Lately she seems to have turned her back.

The CBOT remains the world's largest futures market, but its market share has been eroded. Mr Tom Donovan, the exchange's president, revealed earlier this year that the CBOT's share of world futures business had fallen from 38.4 per cent in 1985 to 27.6 per cent at the end of last year.

But it wasn't all bad news: the CBOT was still growing. In the 1985-89 period, there was a 65 per cent increase in volume at the exchange. However, a brake has been put on that growth: last year, volume slipped by 3 per cent to 138m contracts, reflecting a dull market in Treasury bond futures - the exchange's most important contract - as a result of stability at the longer end of the yield curve.

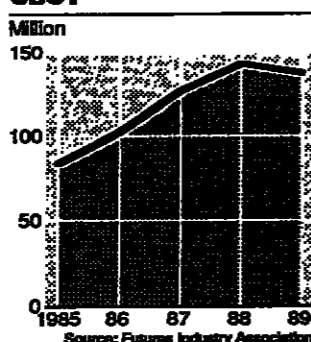
While the CBOT has been struggling against increasingly stiff competition from other exchanges around the world, its reputation has been mired by what has been going on in Chicago. Last year the close-knit futures world was rocked by news that the Federal Bureau of Investigation had mounted a two-year undercover operation in the pits, and had supposedly discovered widespread fraud where traders had conspired to cheat customers. Some traders have pleaded guilty, and charges are pending against others. The trials, due to start next month, are likely to give rise to further adverse publicity for Chicago.

Even more damaging perhaps was last summer's Ferruzzi affair. Many large customers might be prepared to accept a little bit of cheating

by small-time traders as the cost of doing business in Chicago, but the CBOT's heavy-handed action, aimed at the Italian trading company Ferruzzi Finanziaria, was widely seen as the exchange looking after its own, to the detriment of the customer.

What happened was that Ferruzzi built up a large holding in soybean futures for July delivery, to the extent that some thought it was an attempt to corner the market

Contracts traded on the CBOT



Source: Futures Industry Association

- a charge vehemently denied by the company. The Board of Trade then imposed a maximum holding limit, a fortnight before the contract was due to expire, thus forcing Ferruzzi to sell off contracts and protecting traders who stood liable to deliver. Farmers were furious: they had been salivating at the prospect of juicy profits as traders scrambled for beans on the spot market.

Accusations were made that exchange directors, associated with trading firms, were acting improperly in ordering the liquidation. This charge was looked into by the Commodity Futures Trading Commission, the industry's watchdog, which found no evidence of abuse - but the affair prompted Congress to analyse the whole issue of conflict of interest in the process of reauthorising the CFTC.

Thus, 1989 was hardly a banner year for the CBOT, and as 1990 began the exchange hit the headlines again when traders voted on candidates for the office of chairman.

Usually an uncontested

poll, this January's vote saw lively debate as incumbent chairman Mr Karsten "Cash" Mahmann stood for re-election to the post of chairman for an unprecedented fourth term. Mr Leslie Rosenthal put in a spirited challenge, suggesting a sale of the CBOT's landmark building, Ceres and all, with a subsequent leaseback - an idea that would have given an instant infusion of cash into members' pockets. The challenger put up a creditable performance, cornering over 40 per cent of the votes, but Mr Mahmann carried the day.

A number of serious issues face the re-elected chairman, many of them related to the fraud scandal.

An immediate question is the 11 cents per trade fee, which the Bush administration has proposed to help pay for more effective oversight of the futures markets by the CFTC. The Board of Trade has joined forces with other US exchanges to campaign against the proposed charge, arguing that they will lose out to overseas exchanges if the cost of doing business stateside is forced up in this way.

Besides this problem, the CBOT is faced with a more aggressive CFTC anxious to prevent future fraud. The Commission has already made a ruling banning dual trading, the practice in which floor traders work both on their own account and for customers, which some reckon provides an easy avenue for bilking customers by passing on to them losses sustained in own account trading. The CBOT is urging that the rule be rescinded, maintaining that dual traders add necessary liquidity to the markets.

But more serious than the dual trading issue is the way in which the very manner of doing business in Chicago has been brought into question by the fraud scandal. The CBOT has long been a champion of open-outcry trading.

The exchange argues that the system promotes a niche for the "locals" - small traders losing their voices in the pits in the hope of making a fortune - which glibed liquidity to the market. A major problem, as the FBI investiga-

tion has shown, is that the audit trails for many hundreds of trades a day are hard to track with the current system in which trades are simply recorded by pencil.

For this reason, the CBOT has joined forces with the rival Chicago Mercantile Exchange to test hand-held terminals which will record trades electronically. Prototypes should be available by late summer, with the machines recording the exact time of each trade and reducing the opportunities for fraud.

The hand-held terminals may give some temporary lift to open outcry's image, but many argue that the system is outdated and that it cannot be long before the futures markets succumb to the precision of screen trading. At that point, the colourful scene in Chicago's futures pits would be likely to follow the steam engine and the horsedrawn reaper into the history books.

James Abbott

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THE PRICE OF INVESTMENTS CAN FALL AS WELL AS RISE



President Tom Donovan (left) revealed that the CBOT's share of world business had fallen... Karsten Mahmann was elected chairman for a fourth term

Glyn Davis

CFTC reauthorisation is taking longer than usual, amid...

Howls at an 11-cent watchdog

TURMOIL IN the US futures industry has delayed congressional renewal of the authority of the Commodity Futures Trading Commission, the industry's federal oversight body.

Operating on a temporary renewal of its authority, the agency and its chairman, Wendy Gramm, have sat through a grueling year of congressional inquiry.

In the past, the four-yearly renewal of the CFTC's authority has been virtually a rubber-stamp affair, but this time round all that has changed.

Capitol Hill began to take an interest after the stockmarket crash in 1987, when Wall Street was quick to blame the stock index futures contracts in Chicago for the downward spiral of the Dow Jones index. There were calls for the CFTC to be merged with the Securities and Exchange Commission, the stockmarket oversight body, and for the tightening up of the margin requirement for futures, to make it more in line with that for equities.

Just as the CFTC thought it was winning the argument on that one, controversy resurfaced 18 months ago with the revelations about the extensive undercover probe by the Federal Bureau of Investigation into what was held to be widespread fraud being perpetrated in Chicago's futures pits.

Critics argued that the CFTC had become too cosy with the futures exchanges' governing

bodies, and fallen asleep on its watch. The SEC was portrayed, by contrast, as a watchdog with teeth that bit.

In an effort to shed its over-lenient image, the CFTC has busied itself with reforms that it is hoped will prevent future fraud. Most notably, it has instituted a ban on dual trading, the practice in which traders deal both for themselves and for customers, and which was thought to provide a loophole by which traders in the

later by a court order after a legal challenge by the Chicago Board of Trade and the Chicago Mercantile Exchange.

The Chicago exchanges argued that the products were technically futures contracts, not securities, and that they thus fell under the CFTC's jurisdiction rather than that of the SEC. The issue is hotly disputed by the east coast exchanges, and the matter has gone to appeal.

With so much grist for the

to the CFTC for prior approval of exchange action where necessary.

Perhaps the most controversial proposal is that emanating from the Bush administration, suggesting that the futures industry should pay for sharpening the teeth of its own watchdog. The Budget plan is that a fee of 11 cents should be imposed on each futures trade from October 1, with the money raised going to cover CFTC expenses for extended market surveillance.

Predictably, the proposal has prompted howls of protest from the futures exchanges, who maintain that the fees would result in their losing business to foreign exchanges. Others argue that the CFTC has to be seen to be an effective oversight body if the industry is to remain viable and that the fees are necessary to bring that about.

While there has been hot debate surrounding some of the proposals, reauthorisation of the CFTC is also likely to bring in a raft of new provisions accepted by all sides. These include registration of floor brokers, and authorisation for the CFTC to indulge in co-operative enforcement efforts with counterparts overseas in a response to the spread of global trading.

Perhaps the most poignant provision of all is that Congress has suggested that arrangements be made for future professionals to be trained in ethics.

James Abbott on the US regulation impasse

pits could benefit themselves by cheating customers.

Congress was given further prompting - if any were needed - to examine closely the affairs of the CFTC by the Ferruzzi affair at the Chicago Board of Trade last July. Here, there were allegations of conflict of interest in a liquidation order made by directors at the exchange, and calls for closer oversight. On top of that came last October's mini-crash in the world's stockmarkets, reopening old sores left by the stock index issue in the 1987 crash.

In the past year, the turf war with the SEC has opened on another front. The Philadelphia Stock Exchange and the American Stock Exchange obtained permission from the SEC to launch index-participation products, representing baskets of shares. Trading began in May, only to be suspended a couple of months

later by a court order after a legal challenge by the Chicago Board of Trade and the Chicago Mercantile Exchange.

The Chicago exchanges argued that the products were technically futures contracts, not securities, and that they thus fell under the CFTC's jurisdiction rather than that of the SEC. The issue is hotly disputed by the east coast exchanges, and the matter has gone to appeal.

With so much grist for the

Block trading: regulators are still considering the CME rule

Chicago exchanges at variance

WHEN THE Chicago Mercantile Exchange made its proposal last year for a rule that would allow block trading in futures, it stirred a hornets' nest of opinion across the industry on an issue that strikes at the heart of its future development.

Block trading has long been a facility available in the securities industry, for large institutions to cross trades without interference from a trading floor. Many users have been calling for similar provisions in the futures markets, and have intensified their cries since the 1987 stockmarket crash.

Institutional trading now dominates the futures markets, but the markets' time-honoured practice of open-outcry has changed little since the days when farmers met to sell corn 140 years ago.

It was the crash of 1987, when an avalanche of sell orders swamped the thinly-capitalised local traders in Chicago, that increased pressure on the futures exchanges to facilitate large orders by introducing block-trading rules, which would enable institutions to access the markets with minimum disruption to pit trading.

In a bid to accommodate the needs of institutional traders, while at the same time sticking to the principles of a futures market, the CME spent two years hatching its rule, which is currently under review by the industry regulator, the Commodity Futures Trading Commission (CFTC).

The CME has proposed to operate a pilot scheme for block trading in its Standard & Poor's 500 stock index futures contract, where block trading will be allowed for orders of 300 or more contracts.

The exchange has tried to make its rule compatible with open-outcry trading by requir-

ing that, once two institutions agree on the trade, they have to offer it to a trading pit to allow other traders to make counter offers on all or part of the order.

The order must be announced through an exchange official, although the agreed price would not be disclosed to the trading pit. After other traders have had the chance to bid on the order, the rest of it can be crossed upstairs, as has previously been agreed.

There have been several previous initiatives aimed at developing block trading in the futures markets, but exchanges have to be careful to skirt market rules that prohibit pre-arranged and upstairs trading. But at the same time, block trading must be seen to be fair to all market players, including small retail customers.

Mr Barry Lind, who heads the discount brokerage Lind Waldock, believes the CME's plans will help big institutions to get their trades done, as well as benefiting small, retail traders who will be able to fill their orders when the trade is offered to the pit.

The block traders would not have to disclose the price of their deal to the trading pit, which would allow them to accept only those bids and offers at a price equal to, or more favourable than, the one already agreed.

The New York Futures Exchange made a previous attempt to introduce block trading, in 1987, when it started an experiment in sunshine trading. However, the effort foundered when the CFTC required complete disclosure of the order size and price of block trades on a ticker in the trading pit. The regulator decided that the exchange's proposal to disclose trades by using press releases and a toll-

free telephone did not go far enough to promote market openness.

Nevertheless, the CFTC remains keen to promote block-trading initiatives, particularly in view of the way huge waves of orders swept down Chicago's prices in the 1987 crash. The regulator has just closed a comment period on the CME rule, and has up to six months to decide whether or not to pass it.

The CME's rule has drawn a barrage of protest, most vociferously from the exchange's arch-rival, the Chicago Board of Trade. The CBOT says the rule runs counter to the principles of open outcry in the market, and should be prohibited. The move is resisted by veteran traders who are unhappy about what they see as upstairs trading infiltrating the futures markets.

The CFTC has to be careful to ensure that block trading does not lead to a two-tier market with more favourable prices quoted for large, block trades than for small, retail orders. But the agency is keen to encourage innovation and flexibility in the futures markets.

Other markets are watching developments at the CME with interest, because some options markets already allow cross-trading under rules issued by the Securities and Exchange Commission. The Philadelphia Stock Exchange sees a lot of cross-trading in its currency options contracts, which is primarily an institutional market.

In London, the futures market has looked at the issue of block trading, and is trying to find a way to facilitate block trades which would not be unfair on its trading pits or its after-hours screen system.

Mr Michael Jenkins, chief executive at the London International Financial Futures

Exchange, says the issue is high on the exchange's agenda for this year. He recognises that the demand is there for a facility of this sort in London, where institutions are very active in the market. Any initiative would have to be put to a membership vote, because it would involve a change in the exchange's rules.

Block trading is likely to continue to be a contentious issue, even if the CME gets the CFTC's go-ahead for its plans. The CME says it will look at extending block trading to other financial futures contracts if it were successful in its index futures. It could just be a matter of time before the CBOT bows to the same pressure.

Deborah Hargreaves

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FINANCIAL FUTURES and OPTIONS 6

The Swedish Options Market

The web spreads

WHEN THE options and futures exchange OM London was inaugurated last December 15, it marked the most significant step yet in plans by the Swedish parent company, the Stockholm Options Market (OM), to create a pan-European network of such computer-based markets.

Less than five years ago, OM established the world's first fully integrated electronic options market, replacing the traditional open-outcry pits. It has since set up turn-key options markets, based on the Stockholm model, in Helsinki, Paris and Madrid, with the co-operation of leading local banks and securities firms. Oslo is expected to join the list soon, possibly to be followed by Vienna and Rome or Milan.

OM owns minority stakes in these foreign option markets, ranging from 10.5 per cent in Finland's Suomen Optiomarkkinat to 34.1 per cent in Norway's Norsk Opsjonsmarked. The foreign exchanges deal in a wide variety of local instruments, including stock index options in Helsinki, bond index futures in Paris, and interest rate options in Madrid.

"Deregulation of financial markets, resulting from the EC internal market, has opened doors for us that we otherwise could never have entered," says OM's founder and president Olof Stenhammar.

Mr Stenhammar hopes that the wholly-owned OM London subsidiary will some day serve as a hub that will route orders

to the other OM-associated markets in Europe. For the moment, however, OM London is limited to the trading of Swedish stock index options and futures, based on the 30 leading equities on the Stockholm Stock Exchange, as well as Swedish stock options.

OM London has found a relatively healthy market for these Swedish instruments, with an average daily turnover of 3,000 contracts, due to the large-scale transfer of Swedish securities trading to London, following the levying of taxes on stock transactions in Stockholm that began in 1984. While OM has scored success abroad, it has recently faced with difficult conditions at home, due to the taxing of other financial market activity by Sweden's Social Democratic government.

When OM began, in June 1985, few would have predicted that Stockholm would quickly become the site of one of Europe's leading options exchanges. Although Sweden was considered too small a market for options trading, OM benefited from the booming Stockholm stockmarket of the mid-1980s. "It is hard to lose by placing call options in a rising market," explains Mr Stenhammar, referring to OM's initial trading in stock option contracts. With trading volume far exceeding expectations, OM added other instruments, including stock futures and stock-index options and futures.

Pre-tax profits for OM hit a

peak of SKr200m (\$21m) on revenue of SKr200m in 1987. But the success of the OM drew the ire of Sweden's trade union movement, which complained about the Government's economic austerity measures hurting low-income workers at a time when the "finance puppets" — as one trade union leader sarcastically called the option market dealers — were growing rich.

The Government, in an attempt to mollify its trade union allies, imposed a series of new taxes that had a chilling effect on OM activity just as it was recovering from the aftermath of the 1987 worldwide stockmarket crash, which reduced profits to SKr107m in 1988. The new levies, which went into effect at the beginning of 1989, were imposed on stock and index options and futures, as well as interest-rate options and futures, in which OM also deals.

OM temporarily suspended trading in interest-rate options and futures, which the Government proposed in an initial bid to win back financial trading that has gone abroad. Marketmakers are also expected to reverse their declining participation in the OM with the abolition of the turnover tax on trading conducted by securities brokers out of their own account.

But the OM must still confront the potential threat that its monopoly of options and futures trading in Sweden may eventually be broken by the Stockholm Stock Exchange. A



Olof Stenhammar hopes the London subsidiary will some day be OM's hub for Europe

in options and higher premiums on them.

Mr Stenhammar predicts that profits will improve this year, due to the planned abolition on April 15 of the turnover tax on interest-rate options and futures, which the Government proposed in an initial bid to win back financial trading that has gone abroad. Marketmakers are also expected to reverse their declining participation in the OM with the abolition of the turnover tax on trading conducted by securities brokers out of their own account.

But the OM must still confront the potential threat that its monopoly of options and futures trading in Sweden may eventually be broken by the Stockholm Stock Exchange. A

government-appointed Securities Market Committee proposed last November that the Stockholm bourse be given the legal right to trade in options and futures.

The recommendation by the panel reflected the belief among the ruling Social Democrats that Swedish financial markets should operate on a non-profit basis, such as the Stockholm Stock Exchange, rather than be profit-oriented like OM, whose main shareholders include the influential Wallenberg family, financier Erik Penser, automaker Volvo and Mr Stenhammar.

The OM's monopoly has been challenged once before when several institutional investors, unhappy about OM's

high fees, established a rival exchange, the Sweden Options and Futures Exchange (SOFEX), in 1987. But SOFEX collapsed two years later, a victim of the financial taxes and the small size of the Swedish market.

Mr Stenhammar believes the reason why SOFEX never captured more than 20 per cent of the market was that while its fees were lower, so was the range of its services. "Our higher fees are balanced by the fact that we save our customers money by providing a computerised clearing system that performs many of the tasks that the member firms would normally have to do themselves."

John Burton

The birth of Tiffe

Banks welcome Tokyo's infant

DESPITE THE backing of 263 of the largest financial companies operating in Japan, the newly-established Tokyo International Financial Futures Exchange has yet to live up to its founders' expectations.

Conceived by the Japanese Ministry of Finance and the banking industry, as a key element in the liberalisation of Tokyo's financial markets, Tiffe does not yet match in importance financial futures exchanges in other centres — including the Singapore Mercantile Exchange (Simex), the London International Financial Futures Exchange (Liffe) and the world's largest financial futures exchange, the Chicago Mercantile Exchange (CME).

Nevertheless, since it opened last June 30, the exchange has filled an important gap in the yen funds market with one of its three contracts — Euroyen futures, the first of its kind in the world. Trading volume in the instrument has grown from less than 1m contracts a month last summer to 2m in December and 1.8m in January.

Banks, the main users, trade the contract extensively as part of their operations to manage short-term funds. They include Dai-ichi Kangyo Bank, Mitsubishi Bank and

banking business. In addition, the exchange is considering extending working hours — it now operates from 9am until 12 noon, and from 1.30 to 3.30 in the afternoon. But there are no plans to establish links with other exchanges to extend trading in Tiffe contracts into other time-zones.

Moreover, Tiffe is planning to reinforce its presence in the Euroyen market, introducing Euroyen options probably next year. Exchange officials say this should boost volumes in the underlying futures contract. Mr Haruo Ishimura, an assistant manager in the treasury department of Dai-ichi Kangyo Bank, one of the exchange's largest users, says: "We welcome the option and we will use it."

However, none of this will do much to breathe life into the two moribund contracts. In Eurodollar futures, Tiffe has failed to take business from the longer-established Eurodollar contract traded on Simex. Apart from the advantage of having started first, the Simex contract runs a mutual settlement system with the CME, where the greatest volume of Eurodollar futures is traded.

Tiffe's contract suffers in the eyes of Japanese traders in that it is expressed in terms of one yen being equal a small fraction of a dollar, not the dollar being worth ¥145 or so. "We have a very large and very flexible foreign exchange market," says Mr Ishimura. "We need to teach people how to use futures, especially how to use them for hedging."

In other areas of the financial markets, the leading Japanese companies are close to their western rivals in terms of knowledge of sophisticated financial techniques, though they often lack experience in applying their knowledge. But medium-sized and smaller companies are well behind in using financial markets to their best advantage.

The specifications of Tiffe's three contracts are as follows: three-month Euroyen futures trade in units of ¥100m, with settlement in cash; three-month Eurodollar futures, units of \$1m, settlement also in cash; yen-US dollar currency futures, units of ¥12.5m, settlement in delivery of yen in Tokyo and dollars in New York. The contract months for all contracts are March, June, September and December.

Stefan Wagstyl

Futures funds are here to stay, says Emma Davey

Cautious players join the game

FUTURES FUNDS have become big business in the past decade.

In the US, their home, the amount of money held under management in these products rose dramatically, from an aggregate of \$65m (\$38.2m) in 1975 to \$750m five years later. By 1985, the total had doubled to \$1.5bn. Estimates now put the figure for money managed worldwide at somewhere between \$8bn and \$9bn.

With the growing acceptance and popularity of futures and other derivatives, these investment tools have played a role in attracting smaller, more cautious players to markets that traditionally have been viewed as highly risky and suspect. Futures funds allowed individuals and small institutional investors to enter a field previously reserved for large professional players, on a scale more suited to their pocket.

The tools operate by raising cash from a group of investors, pooling the capital into one fund and investing in a variety of futures and options markets, wherever there is a profit to be made. As commodities such as energy have become more liquid and attractive to investors, funds have moved in to take advantage of the potential gains.

Many proved themselves during and after the 1987 crash, by continuing to make returns in futures while equity investments plummeted. Fig-

ures suggest that managed futures funds gained an average 34.1 per cent in 1987.

Although the last two years have not seen such outstanding returns as growth rates as in the mid-1980s, these funds are undoubtedly here to stay. Managing other people's money has become a respected art, with many advisers establishing intricate formulae and computer simulations to follow and predict market trends and calculate returns.

Commodity trading advisers (CTAs) work alongside fund issuers to create attractive investment tools for clients. Many fund promoters use more than one CTA to create a more balanced investment tool and spread risk, thereby improving chances of return. In the US, people such as Paul Tudor Jones and MINT Supreme Larry Kite have become cult figures in the futures industry, where their experience of managing funds and their knowledge of the markets has earned them high returns and large accounts.

The popularity of futures funds was highlighted in 1988, when Dean Witter Reynolds raised \$100m in one hour for a

fund with a limit of \$250m. A look at the statistics for MINT's funds, promoted by International, reveals that a fund launched in January 1983 gained almost 300 per cent by 1989. MINT now has in excess of \$850m under management and Tudor Jones over \$460m.

The recent trend has been toward guaranteed funds, where a proportion of the investment may be used to purchase zero-coupon govern-

ment bonds; for example, to guarantee a return of the original investment, leaving the rest to be used in the markets.

Tailor-made funds have also proved popular. Domestic funds for an individual country, where a fund issuer will join forces with a local bank, have raised the profile of futures funds to investors who were previously ignorant of their existence. Some funds also specialise in investing only in markets which are acceptable on ethical and religious grounds to the fund investor — an option of inter-

est to clients in the Middle East, for example.

Regulation in the US has done a lot to promote growth in funds activity. All US fund managers have to comply with the regulations of the Commodity Futures Trading Commission and the National Futures Association. All CTAs and commodity pool operators (CPOs) are required to register with the CFTC, and must provide risk disclosure documents

to UK citizens in the same way as other collective investment schemes.

However, the creation of adequate regulation has taken years to sort out, largely because of the three tiers of change required in the UK to establish an acceptable environment for futures funds. The first must come from the Department of Trade and Industry, which is expected to produce its final draft of the legislation allowing the go-ahead for commercially sensible funds offering adequate investor protection. The Securities Investment Board must modify those rules and publish its own document on the regulation of the funds, including standards for risk disclosure and the promotion of funds.

Yet these two moves on their own will mean little to the funds industry in the UK without an appropriate tax environment. Following heavy lobbying by exchanges and others in the industry, there are hopes in some quarters that the Budget will see a change in the tax law, making options and futures investment more accessible to investors.

The problems in the UK started with the planning of the regulation. The DTI has used the EEC Uctis directive as a basis from which to create

for distribution to all prospective customers, detailing the firm's principals, business background, past performance and trading strategies.

For the moment, the US has the only working model for funds regulation. In the UK, the process of introducing suitable regulation has been lengthy and complex. Due to the absence of regulation, firms such as Man International, Sabre Fund Management and London Portfolio Services have all had to establish their fund offshore. The futures industry, and in particular firms offering funds, has been crying out for a regulatory environment to allow futures funds to be marketed

domestic regulation for funds. It ran into trouble in interpreting the directive's aims more rigorously than other European countries, leaving many in London feeling that the UK would be placed at a competitive disadvantage in the futures business. It was also feared that those funds that had already been forced offshore would have to stay there.

The funds industry and exchanges, however, have worked closely with the DTI of late, and are now more optimistic that it has incorporated amendments to its original draft, to allow the use of derivative instruments in "efficient portfolio management". Some of the suspensions of futures and options seem to have evaporated from those in authority.

The City's exchanges are aware of the importance of funds to future volume. In the US, some suggest that the managed futures industry may today account for up to 20 per cent of transactions on futures markets. There are complaints from some funds about the limited liquidity on certain commodity markets, while most of the large funds regularly hit their position limits in active markets.

If the UK is to mirror the growth seen in the US and gain from funds activity, the country's regulatory and taxation environment must first be changed. And it looks as though that change may be just around the corner.

□ The author is deputy editor of *Futures and Options World*

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FINANCIAL FUTURES and OPTIONS 5

LONDON'S FUTURES exchanges believe that confusion over the treatment of derivatives has discouraged fund managers and unit trusts from becoming active in their markets.

A strong futures and options lobby has long been fighting to harmonise the tax and regulatory treatment of derivative products, and is hoping to be rewarded by a change in the tax status of derivatives in this month's Budget.

Futures and options markets in London have seen a surge in growth since their inception in the early 1980s, but equity derivatives still trade only 80 per cent of the value of the underlying cash market.

As derivatives contracts are much more highly leveraged, a futures exchange should be expected to trade many times the cash value of any underlying product. In the US, where the derivatives exchanges lead the world, they trade four times the cash market value.

London has long been hampered by its byzantine tax laws, and by regulation that treats derivative products in different ways depending on how they are used and by whom.

The exchanges are pushing for a clarification of the complex laws that govern the taxation of derivatives, which they say makes them lose potential users.

A change in the tax status of derivatives, accompanied by



LIFFE... where chief executive Michael Jenkins (right) believes benefits would flow from a change in the tax status of derivatives

London: Deborah Hargreaves on the campaign for tax harmony

DTI draft may herald change

When these contracts are traded, they often become liable for corporation tax, giving rise to a dual system of taxation that is both confusing and inhibiting.

The exchanges are pushing for derivative transactions to be treated in the same way as the underlying cash instruments, thereby creating a symmetry in the tax laws which does not exist at present. This will give a psychological boost to users like unit trusts, who

often shy away from derivatives because of the uncertain tax status.

At the same time, the regulatory structure has until recently not permitted unit trusts to use derivatives except for hedging purposes. In a move that is seen as a forerunner to a change in the tax laws, the DTI is issuing draft regulations that would increase significantly unit trusts' access to the derivatives markets.

The new regulations are

expected to widen the scope of unit trusts' use of derivatives by allowing them to broaden their use beyond just hedging and to use them for "efficient portfolio management", which the draft defines for the first time. This will enable fund managers to invest in a derivative product without being required to hold the underlying cash instrument - as is now the case - but just the cash to cover the investment.

The DTI's draft regulations

also include a structure for setting up futures and options funds, which have not been permitted in the UK but have been hugely successful in the US. The funds, which are attractive to retail customers, will also boost volume on London's derivatives markets.

There has been little co-operation, or indeed contact, between the Inland Revenue and the DTI over the tax and regulatory treatment of futures and options - unlike the co-



Michael Jenkins (right) believes benefits would flow from a change in the tax status of derivatives

situation that often exists among regulators in competing European markets. London's exchanges believe this has worked to their disadvantage, because overseas regulators will often go out of their way to create a structure favourable to the growth of their own domestic products.

In a survey of 16 leading financial institutions in London, Arthur Andersen, the UK tax and accounting firm, found that most were unclear about what they saw as the restrictive tax treatment of derivatives in the UK.

The institutions that were surveyed called for more clarity in taxing derivatives, as well as more symmetry in the treatment of derivative products and the underlying cash instruments. Volume in London's derivatives markets

could double if the uncertainty surrounding taxation were removed, the same institutions believe.

While offering significant benefits for LIFFE, a change in regulation and taxation of derivatives could prove more favourable for the London Traded Options Market, where business has yet to develop into the sort of levels of liquidity reached among its European competitors.

With some £40bn under management, unit trusts are eager to use the options market in a much more logical way than they can at present. Fund managers are currently unable to buy calls or write put options, which they would like to use to gain exposure to certain stocks without having to hold the stocks themselves.

The benefits of a change in regulation and taxation may be more psychological than anything else, according to Mr David Heron, head of derivatives at James Capel.

"Things are often a problem, because people perceive them as a problem," he says. "Very many institutions are deterred from using derivatives because of a nagging doubt about what they are doing, even if what they are actually doing is allowed."

If tax and regulatory changes can remove this uncertainty, it will be much to the relief of London's heartfelt futures and options lobby.

Europe: Katharine Campbell says the frenzied competition is...

No recipe for long-term success

In Germany, all be it late in the day, the establishment has thrown itself into the DTB with some force, even if some legal changes have not been rushed through by Bonn with the speed the practitioners would have liked.

Important Frankfurt bankers have been talking down the

the DTB will affect this balance will be of considerable interest, given that more than a third of LIFFE's volumes derive from German products. Has the DTB given LIFFE too generous a start to fetch the prize Bund - even more attractive with the prospects of increased budget deficits to finance the east - firmly back to Frankfurt?

While an overlapping product range clearly makes sense between different time-zones - LIFFE trading the US Treasury bond future, and so on - the only real justification within Europe is a market gap not currently being filled. Otherwise the logic of a network of domestic exchanges, strong in their home products, but inter-linked outside their borders through a joint clearing, if not

trading, system, is compelling. But that brokers' dream is years away.

However, the potential economies of moving gradually in that direction are considerable. The clearing operation, with its needs for vast amounts of capital from members, is expensive for all concerned, and there are talks among the major exchanges about how they might co-operate.

In a wider context, the rag-bag of differing systems and trading methods - open-outcry, electronic trading, and a mixture of the two - is probably necessary for the time being while screen trading is very much in the experimental phase, but it is highly wasteful in the longer run. As the industry moves reluctantly into the computer age, no one yet knows which, if any, of the current models on the market are durable solutions for the new environment.

Moreover, the burgeoning network of exchanges poses a major strategic problem for international brokerage

houses. For instance, does the global player need a presence on all the major bourses; and does he make that commitment from the start?

One US house, which recently set up with a generously proportioned team of some 50 players on the Matif, is rapidly finding that ambitions to be big and beautiful are evolving into the embarrassment of being shown up as small and ugly. Quite apart from the capital and other obvious expenses, the learning process in starting up on a new exchange - which, despite the novelty, differ from one another as much in constitution and culture as the old-established stock exchanges - constitutes a major outlay of energy. The increasing trend to deploy local agents, for the most part, is therefore likely to continue.

Meanwhile, a cohesive European exchange network could make up in diversity for what it lacks in terms of the long-established American derivatives culture.

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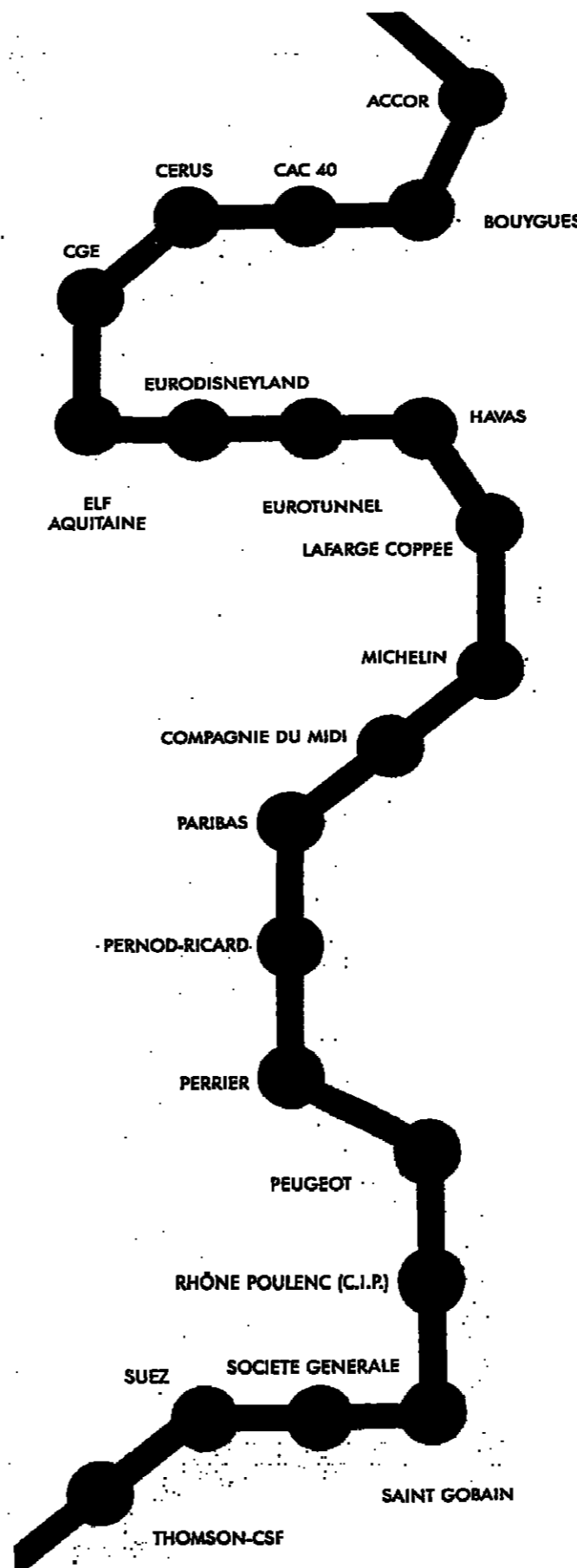
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Hints on avoiding the vanities of vision

By Michael Dixon

DO YOU have vision?

If not, the signs are that you have a diminishing chance of reaching top rank in a bigish business. Or so it would appear, at least, from something that happened at each of the last three management seminars the Jobs column has attended.

Had it happened less than three, I would still be loath to credit it. For the event marks a fundamental change in thinking since I began writing about management almost 22½ years ago.

When the pundits of those days took to drawing up the corporate equivalents of medieval leaders of angels, the end results were always the same. The lowest place was occupied by shopfloor operations and the highest by strategy.

On the evidence of those three seminars, strategy has now been demoted a rung and supplanted by vision.

The change seems a bit peremptory even though the old order of things was based on rather less than cast-iron argument. One question never answered adequately, for instance, was how anyone could be sure the presiding strategy was the right one.

Most pundits just assumed that it must be. Their faith perhaps sprang from the idea that with business schools

then newly developing east of the Atlantic, strategy-making would be guided by graduates expert in scientific corporate-planning founded on quantitative methods.

The faith was not always borne out by the facts, as witness the first job done by a banker I know after leaving Cambridge about 20 years ago with a mathematics degree. Together with numerous others of his kind, he was employed by British Steel to build a mathematical model of its operations.

"When we ran the model," he recalls, "there was consternation. It showed the actual performance achieved was nowhere near as good as it should be. We checked our equations only to find them OK. We refined a few details, but the message remained the same. The company was hopelessly inefficient."

Later, by what I hear was a minor miracle, the answer turned up in Scotland. The model had a big plant there mathematically going full blast round the clock, when it had been shut years before.

Unfortunately, although such flaws can be corrected when someone finds them, the chances are that they will not be found. Complex modelling techniques and the like tend to be so arcane that people able to acquire the

theoretical knowledge to understand their workings, can rarely understand the realities supposedly being modelled, and vice versa.

The result is a Catch 22 exponentially extended, which perhaps accounts for the change in thinking observed. But while that may be a justification for the apparent loss of faith in scientifically manufactured strategies, it surely does not justify today's pundits in replacing them with "vision".

For a start, what do they mean by the term? It cannot be simply ability to see. For, with due respect to readers' great talents, the mere fact that they can see these words is surely not a guaranteed ticket to the top.

Admittedly, there is little doubt about the operational definition of "vision" that most companies subscribing to the new order will use: to wit, *Whatever the biggest bosses suppose they see*. But if the object of the exercise is to advance management as a whole, instead of just the egos of some people in it, something rather less haphazard is required.

So the Jobs column has plunged into history seeking hints on the use of vision - or, better, imagination - as a tolerably reliable tool. And the first thing the search

reveals is how remarkably few and far between such hints are.

In the western world, and with the periodic exception of creative arts, the pedigree of the would-be scientific strategy-makers goes back at least to the publication of René Descartes' Discourse on Method in 1637. Although his way of thinking took time to establish itself, it has stayed dominant ever since.

It starts with some notion seemingly self-evident and proceeds by breaking down any difficulties met into more tractable parts and moving from the simple to the complex. The conclusion reached is kept under review.

After that procedure took hold, I can find only one person at all prominent who seriously countered it. He was Giambattista Vico, a Neapolitan philosopher of law. Around 1730 he claimed that imagination, refined by searching and detailed study of the history of humankind, could reliably solve problems that standard science using Descartes' process could not.

Moreover, although failing to spell out precisely how, he at least offered some hints on cutting the risk of imagining things which are false. The only trouble is that Vico words the hints in a manner that defies summary.

Fortunately, however, he appears to have cribbed them from Sir Francis Bacon who did state same in succinct form in his Novum Organum of 1620. He likened the main risks of self-deception to idols which we can worship only to our own confusion.

The first sort he called Idols of the tribe - humans' universal tendency to assume that what our senses tell us is true. The remedy is to work on the principle: it ain't necessarily so.

Second come idols of the cave - the more particular tendency to see only what is familiar and personally supportive, blinding ourselves to all else around. What penetrates the filter will depend on our individual disposition, education, social circle, political preferences, and current mood.

Next are the idols of the market place - the propensity to assume that whatever we have a word for must really exist. Here Bacon's warning was extended by John Stuart Mill who observed that even when there is palpably no reality corresponding to the word, we don't stop believing in its existence. We just decide it must be "peculiarly abstruse and mysterious".

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enshrined in famed systems of philosophy. "Upon this point the greatest caution should be used," Bacon said. "Nothing is so mischievous as the apotheosis of error; and it is a very plague of the understanding for vanity to become the object of veneration."

Pundits demoting strategy in favour of vision, and more so top managers following suit, might perhaps do well to take Sir Francis's advice to heart. Otherwise, instead of ridding companies of the vanity of pseudo-scientific thinking, the new order of things may itself become the apotheosis of error, and the very plague of shareholders, customers and subordinates.

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It has now been decided to strengthen the established and highly successful investment team by the appointment of an individual to play a key role in the analytical and fund management process. It is envisaged that the ideal candidate, as part of a worldwide team, will use his/her analytical skills to identify suitable investment opportunities to meet the group's investment criteria. A degree of participation in the marketing of the group's investment expertise is also anticipated.

Probably in your late 20s or early 30s, you will be a graduate with experience in

company analysis. You must be team orientated and willing to learn quickly and accept new responsibilities in a challenging environment. Communication skills, both verbal and written, are obviously extremely important.

The remuneration package includes a high basic salary, quality car, share bonus scheme and other valuable benefits. A generous relocation package will be available if appropriate.

This appointment represents a rare opportunity to join a first class investment management group at an exciting stage of its worldwide expansion.

For a strictly confidential discussion please telephone or write to Robin Douglas quoting reference 1296 at FLA, 16 Old Bond Street, London W1X 3DB. Tel: 01-491 3811.

FLA

SEARCH, SELECTION AND CONSULTANCY SERVICES

DEALER**TREASURY - FORWARD FX AND DEPOSITS
COMPETITIVE SALARY AND FULL BANKING BENEFITS**

Abbey National Treasury Services is a highly innovative and rapidly expanding company within Abbey National Plc, one of the UK's leading financial institutions. Our Treasury Team already handles a multi-billion pound portfolio. Continued expansion and diversification means that we are actively seeking an experienced Dealer to complement the liability side of our Trading desk.

Educated to degree level or equivalent, you must be self-motivated, computer literate, with the adaptability to fit into a dynamic and rapidly changing environment.

You will already have a wide understanding of the market gained through a minimum of 3 years dealing experience including extensive experience of forward foreign exchange and deposit dealing.

Further career progression will involve exposure to CD's, FRA's, CP, futures and options, as well as the opportunity to become involved in the training of junior dealers. The salary will be supported by full banking benefits and excellent development opportunities for the right individual.

Please write enclosing detailed C.V. to Cassie Green, (Ref. D.FX.1), Treasury Services, Abbey National Plc, Abbey House, Baker Street, London NW1 6XL.

The closing date for applications, which are invited from all sections of the community is Thursday, 22nd March 1990.

**HEAD OF MARKETING**

neg. £60-£70,000
We seek an ambitious high quality graduate aged 35-40 years with proven success in major UK account relationships. Candidates in addition to the obvious business development role will also assume authority for marketing strategy and motivation of this European bank's lending team.

LBO/MBO FINANCE
(City & Provinces) neg. £30-£40,000
Several first class banks seek graduates or ACA's who can identify growing small to medium sized companies and be able to provide innovative and creative advice and financial assistance. Additional to first class negotiating/marketing skills, candidates must have cash-flow analysis - company investigations experience.

COMMODITY/TRADE FINANCE
neg. £25-£35,000
Two European banks seek lending bankers aged 28-35 years, who can clearly demonstrate success to date, in providing financial solutions to commodity trading companies. Preference would be for candidates with contacts in soft commodities rather than oil, metals, etc. Previous L/C's export finance experience is essential in one of the vacancies.

UK CORPORATE MARKETING
to £30,000
A leading European and UK merchant bank seek two graduate bankers aged 25-28 years who possess at least several years bank marketing experience. Essential are strong marketing and technical skills, ie documentation, credit and ideally in one case loan syndication experience.

Contact: Brian Gooch or Martin Moll

**LEASING
AIRCRAFT FINANCE**

to £50,000
This UK merchant bank seeks a graduate with extensive cross border tax based marketing skills. They must be capable of deputising for the head of division. Age range 28-35 years. A second European language would be an advantage.

BIG TICKET MARKETING
neg. £40-£50,000
A graduate ACA or MBA aged 25 years with extensive identifying packaging advisory experience for this major international banks entry into the high value (£20 million plus) transaction.

SALES AID/VENDOR PROGRAMS
neg. £35-£50,000
We have "the captive finance area" of a major hi-tech manufacturing company and several major banks seeking experienced marketing professionals who can provide financial support and advice to companies product sales teams.

UK MEDIUM TICKET
£20,000
Vacancies exist within the Leasing Divisions of several major international banks for candidates with good technical skills encompassing documentation, evaluations, credit and above all a consistent track record in negotiating and closing lease transactions in the £1 million to £10 million range.

SENIOR FINANCE REPS
c£20,000
Consistently over target, capable of pricing and structuring non-standard leasing and industrial HP deals in the £50K-£2M+ range? We have several excellent career opportunities for young professionals within the UK and International banking sector. Reward orientated bonus and full banking benefits are on offer.



OLD BROAD STREET BUREAU
EXECUTIVE SEARCH & SELECTION CONSULTANTS

65 London Wall, London EC2M 5TU
Tel: 01-588 3991 Fax: 01-588 9012

Bright MBAs with Scandinavian Languages**Investment Analyst**

Our client is one of the leading UK international and investment banks with a strong presence in Scandinavia. As a result of its continued success in these markets a position has been created within their Investment Analysis Team. The successful candidate will play a major role in analysing and developing the Bank's present and future activities in these areas.

Applicants must be fluent in Scandinavian languages and preferably educated to MBA level or equivalent. A minimum of 18 months exposure to an investment banking environment gained with a major financial institution is essential together with a sound knowledge of business in northern Europe.

Interested candidates should send a detailed CV to Suzie Mumme at the address below, or use our confidential fax line on 01-248 2814. All applications will be treated in the strictest confidence.

76, Watling Street, London EC4M 9BJ



Tel: 01-248 3653

CONSULTANTS IN RECRUITMENT

Taxation Manager

£30,000 - £40,000 + Car
(Negotiable)

Glasgow

Scottish Power, a multi-million pound private sector company, has succeeded the South of Scotland Electricity Board as the major supplier of electricity to four-fifths of Scotland's population. Operations in the private sector will create an enhanced role for the financial function within the new Company.

Your tax planning skills will assist in minimising the Company's Corporation Tax liability. You will ensure that tax implications are understood prior to decision making and give advice on tax requirements for investment appraisal.

Generally you will be responsible for the day to day operation of the Taxation Section covering corporation tax, income tax, national insurance and VAT.

For further details and an information pack, please call Ian MacLeod, Senior Consultant, Austin Knight, 183 St Vincent Street, Glasgow G2 5QD. Tel 041 226 3853 (office hours) or 0505 35275 (evenings/weekends).



ScottishPower

Jonathan Wren Executive

PERSONNEL MANAGER
c£35,000 + Excellent Benefits

Constant product and service development caused our client, a prestigious investment banking company based in central London, to recruit an unprecedented number of new employees during 1989. Projections for 1990 show a continuing expansion which will cause great pressure on its personnel department.

To reflect this growth our client now wishes to recruit an experienced Personnel Manager from the financial sector to head up this small, but exceptionally active department. The successful person, who will report to a Senior Director, will be responsible for managing the personnel function of the bank.

Because of the nature and seniority of this position it is deemed that the appropriate applicant will be aged between 28 and 38, be educated to degree level and ideally hold the Institute of Personnel Manager qualification.

Please contact Richard Meredith on 01-623 1266.

LONDON HONG KONG MIDDLE EAST SINGAPORE SYDNEY

Jonathan Wren
Recruitment Consultants

No. 1 New Street, (off Bishopsgate), London EC2M 4TP
Telephone: 01-623 1266 Fax: 01-626 5258

International Investment Management

European Locations

Our client is a major US Bank with a significant international investment management network focusing on private clients and mutual fund management.

Business growth has created the need for additional investment management professionals to work in Switzerland and Luxembourg.

Investment Department Director

Responsible for the overall activity of the investment department, candidates should have 10 years' investment management experience gained in a multi-currency environment with management responsibility for at least five professionals. Asset allocation experience and strong client communication skills are essential together with organisational ability and man-management skills. Ref:LB/155/90.

Investment Portfolio Managers

Based in Switzerland or Luxembourg, positions exist in the following areas to complement the existing diverse group of portfolio managers:

- European Equities • North American Equities
- International Bonds.

Working within a professional team, candidates should have at least 4 years' fund management experience and be responsive to market and niche product opportunities. Ref:LB/157/90.

Good written English is essential for all the above positions, in addition knowledge of French and German is desirable.

We are offering competitive remuneration including a significant discretionary incentive payment scheme, augmented by a package of fringe benefits in line with best banking practice.

Please write with a full c.v., indicating present salary level and quoting the appropriate reference number to Lisa Booth, Consultant, Austin Knight Selection, Knightway House, 20 Soho Square, London W1A 1DS. Alternatively, you can telephone her on 01-439 5782 (01-494 1093 evenings/weekends).

Applications will be forwarded to our client therefore companies in which you are not interested should be listed in your covering letter.

Austin Knight

COMPANY DIRECTOR

Aged 45 would like to hear from go-ahead companies who can demonstrate real growth.

Highly motivated, hardworking and successful, having spent many years with my present employers in a financial roll, now seeks a new challenge.

Write Box A1371,
Financial Times, One
Southwark Bridge,
London SE1 9HL

INTERNATIONAL STOCKBROKER

Qualified U.S.J.R., major houses all products covered. Highly motivated, free to travel seeks challenging position. Please reply in writing to Box A1370, Financial Times, One Southwark Bridge, London SE1 9HL.

CAREER ASSESSMENT

Expert guidance for all ages, practical help on career planning, finding work, courses, consult. CAREER ANALYSTS, 50 Gloucester Place, W1 (01-935 5452 (24 hrs))

Assistant Company Secretary

c.£23,000 + car + substantial financial sector benefits
North West

Based initially in South Manchester, this new position has been created in a fast developing insurance group gearing itself for eventual stock exchange listing and offers exceptional prospects for career progression.

Reporting to the Company Secretary, you should be professionally qualified, aged in your mid-thirties and have listed company experience of stock exchange regulations and reporting procedures coupled with a practical knowledge of statutory duties and board requirements usually associated with the Secretarial role.

An attractive basic salary around £23,000 according to experience is offered, together with a first class benefits package including company car, mortgage interest subsidy, non-contributory pension scheme, free life assurance and personal accident insurance, private medical cover and permanent health insurance. Relocation assistance is available, if appropriate.

To apply send your CV to Lorraine Donnelly, quoting ref APA887, Confidential Reply Service, Austin Knight Selection, 98 King Street, Manchester M2 4WD. Please state in your covering letter any companies to whom you do not wish your application to be forwarded.

Austin Knight

OPPORTUNITIES IN CREDIT

LONDON & ASHFORD-KENT

Due to the rapid expansion of Girobank's Corporate Credit, we now need to increase and strengthen our management team within this dynamic and challenging area.

If you are interested in a fresh challenge with a forward-looking, young organisation and feel that you have the necessary qualities we would like to hear from you.

ASSISTANT REGIONAL CREDIT MANAGER

ASHFORD UP TO £21,000

Reporting to the Regional Credit Manager, your prime responsibility will be to control and co-ordinate the Credit Analysts' generation of new business through the development of professional contacts and introductions from the bank's Sales Consultants. You will also have personal involvement in all aspects of corporate lending and dealing with both large and medium sized customers. Your technical expertise and experience must be sufficient to enable you to take full responsibility for the department in the absence of the Regional Credit Manager.

CREDIT ANALYSTS

LONDON UP TO £20,000
ASHFORD UP TO £17,500

Reporting to the Assistant Regional Credit Manager, you will liaise with potential and existing customers in the corporate market, assess applications for small business lending schemes and prepare full credit reports on major companies. In addition you will be responsible for maintenance of credit information systems and compilation of regular reports detailing all activities carried out by the Credit function.

All these positions call for several years' lending experience, preferably within the Corporate Lending field, gained within a Commercial Bank or Finance House. You should hold or be studying for a professional banking qualification. A high degree of self-motivation, an ability to work to strict timescales and sound interpersonal skills are also essential. A full driving licence is necessary as the jobs involve a good deal of travel.

Starting salaries are negotiable dependent on qualifications and experience and further performance related pay progression is available. Where required, generous relocation assistance will be provided.

For an application form please write or telephone: Elizabeth McManus, Development Adviser, Girobank plc, Bootle, Merseyside CH1 0AA. Tel: 051-966 2487.

Girobank

Corporate Business Development

£ Negotiable

On behalf of a substantial international bank we have been briefed to recruit two marketing managers to develop new business with medium sized corporates.

The first position will concentrate on structured financings, initially working with the head of the unit, but increasingly focussing on origination including structuring and negotiating deals. For this role a background in relationship management and extensive experience in cash-flow based lending is required, including the building of computer models.

The second position will focus on commercial banking business, and therefore product knowledge should cover treasury products (including FRAs, swaps etc), bilateral lending and syndications. There will also be a strong element of cross-selling of other units' services involving capital markets and corporate finance.

These roles will suit marketing officers whose current employers are withdrawing from this sector. Our client can offer a firm commitment to this market, plus competitive remuneration and excellent career development. For further information please contact Jocelyn Bolton on 01-489 9494 or write to 12 Groveland Court, Bow Lane, London EC4M 9EH.

CONSULTANTS IN HUMAN RESOURCING

LOMBARD
LOMBARD CONSULTANTS LIMITED

Corporate Finance - Property

Jones Lang Wootton Financial Services Limited, a subsidiary of the Jones Lang Wootton Partnership, combines the benefits of working for a small, rapidly expanding, specialist team with the backing of one of the world's leading property consultants.

Business growth has resulted in this opportunity for a specialist in corporate finance to take on an expanding portfolio of property-related accounts, with the potential to reach director level within two years.

Your corporate finance experience in a merchant banking or stockbroking environment will have equipped you with the ability to undertake detailed corporate analysis; a working knowledge of the City codes for takeovers, mergers, issues and placements; and an understanding of appropriate legal and tax frameworks. This role is strongly deal-orientated and requires good contacts in stockbroking and merchant banking and with share traders and buyers.

Probably aged in your late 20s-early 30s, you will be an innovative thinker with strong interpersonal and analytical skills and have the ability to work well in a team environment.

The salary package will not prove a barrier to the right candidate.

For an informal discussion, please telephone John Bossett on 01-493 6040. Alternatively, send your full career and salary details to him at Jones Lang Wootton, 22 Hanover Square, London W1A 2BN.

Jones Lang Wootton Financial Services Limited is a member of FSA.

Jones Lang Wootton

LLOYD'S OF LONDON
TERCENTENARY
FOUNDATION

One-Year Research Fellowship

Lloyd's of London Tercentenary Foundation is a charitable trust which was established in 1988 by the Society of Lloyd's to mark its three hundredth anniversary. The objectives of the Foundation include the advancement of education and research in medicine, science and business.

The Trustees intend to award a number of one-year Research Fellowships tenable from October 1990 in one of more the following categories:

- (a) Science, medicine and health-care;
- (b) Business and related studies, including insurance;
- (c) Safety or environmental studies

Eligibility

Applicants should wish to engage in research at a higher education or business established in the United Kingdom. They should hold a Ph.D degree or have equivalent research experience. Preference will be given to those aged 35 years or under.

Awards

The amount of each award will be determined by reference to the applicant's circumstances and will include an allowance for research expenses. In the case of an applicant proposing to engage in research at a higher educational establishment the amount of the award is likely to be related to the appropriate lecturer scale.

How to Apply

Applicants should write to the Secretary of Lloyd's of London Tercentenary Foundation at the address given below requesting an Application Form, which contains full details of the information required by the trustees of the Foundation.

The closing date for the completed applications is 4 May 1990. The names of applicants selected for Lloyd's Fellowship will be announced during July 1990.

Lloyds of London Tercentenary Foundation
One Lime Street
London EC3M 7HA

MARKETING-CORPORATE BANKING

We are seeking two experienced Credit Analysts currently working for an International or Merchant Bank. Ideally, you will have 5 years' experience within this area and have a sound knowledge of:

- Treasury Products (inc. IRS's, FRA's etc)
- Short/Medium Term Bilateral/Syndicate Loan/Acceptance Credit Facilities (inc. MOF's/ revolving credits)
- Trade Related Finance.
- Capital Market and acquisition financing.

This is an excellent opportunity to move into a marketing role that is both highly involved and challenging.

For further information please call Jackie Osborne on 247 2942 or fax a current CV on 247 4249.

Eldon House
2/3 Eldon Street
London
EC2M 7AR

Facsimile 071-247 4249
Telephone 071-247 2942

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EXPERIENCED STOCKBROKERS ONLY

Greig Middleton is established as one of the UK's major independent stockbrokers. We are growing across the range of our activities and have expanded our regional network of offices to five strategic locations throughout the UK in addition to the two main offices in London and Glasgow.

We are looking for further growth in all areas. If you are an experienced stockbroker seeking to build on a successful career with one of the few stockbroking success stories of recent years, write or talk to us in complete confidence.

We offer a full and flexible package, including share options and incentive bonuses. Above all we offer the certainty to be expected from a professional brokerage house, still controlled by stockbrokers, that planned to expand before Big Bang and has continued to do so ever since.

Please contact Norman Andrews, Managing Director, Greig Middleton & Co. Limited, 66 Wilson Street, London EC2A 2BL. Telephone 01-247 0007.

GREIG MIDDLETON

AND CO. LIMITED

MEMBERS OF THE INTERNATIONAL STOCK EXCHANGE
MEMBERS OF THE SECURITIES ASSOCIATION

BRISTOL · CAMBRIDGE · GLASGOW · GUILDFORD · LONDON · TRURO · YORK



Due to an internal transfer, we currently have a vacancy for someone to join our well-established compliance team. Reporting directly to the Compliance Officer, primary responsibilities will be to advise on the regulatory requirements of the company and other Nomura companies in London. Duties will also include one-off projects, in-house training and conduct of business surveillance. In the future, involvement with our European network is likely.

Candidates should therefore have in-depth knowledge of TSA regulations, together with a good understanding of those of IMRO, the Bank of England and The International Stock Exchange. Excellent investment banking product knowledge is necessary and you should have at least 2 years' compliance experience gained within a leading City house, together with a legal or accounting qualification. Good interpersonal skills are essential, as is the maturity and diplomacy to deal with staff at all levels within the organisation.

In return, we offer a competitive salary and an excellent benefits package, together with the security of working for one of the world's leading financial organisations.

For further information please send a full CV, including salary details to: Rob Ambidge, Personnel Department, Nomura International plc, 24 Monument Street, London EC3R 8AJ.



Jonathan Wren Leasing

MAJOR ASSET FINANCE

£60,000 plus substantial bonus plus full banking benefits.

Our client, through its global branch network, has successfully structured some of the most innovative asset finance transactions. In order to facilitate further expansion an additional Transactor is sought to operate from the London office. Currently with a major bank or "packager", applicants will be aged 34 to 42, professionally qualified, and have at least five years experience of complex domestic and cross border big ticket transactions. Additionally they should possess the proven expertise to operate in both a funding and advisory capacity. The appointee will negotiate and structure transactions, predominately in Europe, developing new products where appropriate. It is anticipated that in excess of 100% of basic salary can be achieved in performance-related bonus.

Please contact Peter Haynes in strict confidence.

LONDON HONG KONG MIDDLE EAST SINGAPORE SYDNEY

Jonathan Wren
Recruitment Consultants

No. 1 New Street, (off Bishopsgate), London EC2M 4TP
Telephone: 01-623 1266 Fax: 01-626 5258



CHASE

Relationship Management

Global Custody

Excellent Salary + Car + Benefits

The Chase Manhattan Bank N.A. is widely recognised as the market leader in the highly competitive Global Custody arena. As a consequence of continued growth and increased demand for their services they now seek an additional Relationship Manager.

You will be responsible for day-to-day client management in a high pressure, high volume market. You will be required to forge strong relationships with existing and prospective clients testing all aspects of your interpersonal skills, whilst encountering a range of problems that will make heavy demands on your analytical, technical and credit abilities.

Suitable candidates are likely to be numerate graduates, probably 27-35 years of age, and ideally will have had exposure to Global Custody products. Applicants who have undertaken formal credit training, have an accountancy qualification, have experience of the securities industry or have marketed to financial institutions will also be considered.

In addition to the above technical skills you should also possess a determined personality, enabling you to negotiate at the highest level with banks, financial institutions and fund managers.

If you are seeking an opportunity to move into a growth area with a bank that is committed to retaining its pre-eminence in this field then contact Kevin Byrne on 01-248 3653 or write, sending a detailed CV to the address below or use our confidential fax line on 01-248 2814.

76, Watling Street, London EC4M 9BJ

BBM

Tel: 01-248 3653

ASSOCIATES

CONSULTANTS IN RECRUITMENT

Financial

Public

Relations

with

Burson-

Marsteller

Burson-Marsteller's policy of building business primarily through organic growth rather than acquisitions has achieved consistent international success. Across Europe last year our income rose by 50 per cent and we are in a top three position in all the 12 countries in which we operate. With 51 wholly-owned offices in 29 countries worldwide we are ideally placed to take advantage of the increasing demand for multi-national communications capabilities.

In London, Burson-Marsteller Financial has more than trebled the size of its business in the past two years. We are now seeking to make additional key appointments as a first step to fulfilling ambitious growth targets for the 1990s.

Financial Relations

Director

A senior PR professional is needed at director or director-designate level to play a vital role in further developing our financial relations business. Consultancy experience of PR and marketing in personal finance and professional practices will be particularly valuable.

Executives

Applications are also invited from PR executives with at least two years' relevant experience in the personal finance and professional sectors.

Investor Relations

Executives

There are opportunities to join our expanding investor relations team, which already includes six of Britain's Top 100 companies amongst its clients. Consultancy background preferred, but those with experience gained in-house or in the City are also encouraged to apply.

Salaries and benefits will match the importance we attach to these appointments.

Burson-Marsteller Financial

Applications, please, to:
John Mattison
Chief Executive
Burson-Marsteller Financial
24-28 Bloomsbury Way
London WC1A 2PX
Telephone: 01-631-2969

LANGTON

INVESTMENT SERVICES LIMITED

MANAGING DIRECTOR

CITY OF LONDON £235,000 + Profit Commission + Car
We are seeking to appoint a suitably qualified and experienced Fund Manager as Managing Director of Langton Investment Services Limited.

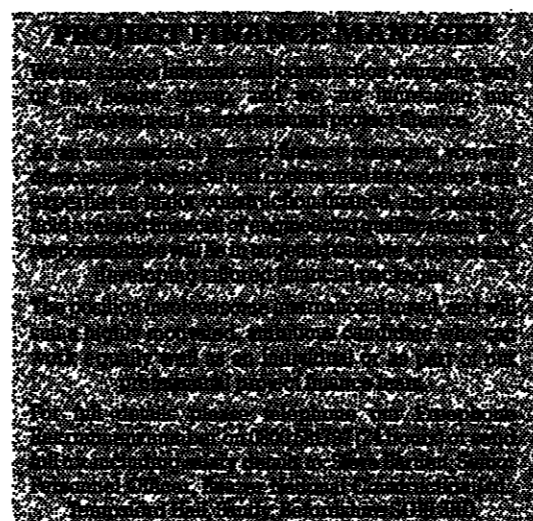
The company, which is a member of IMRO, is a wholly owned subsidiary of Leslie Langton Holdings Limited. Other companies in the group include a Lloyd's Underwriting agency and a Members agency.

Langton Investment Services Limited has an excellent record in the management of Lloyd's syndicate funds, an in-house Pension Fund and Lloyd's Members portfolios.

The preferred candidate will have a successful track record and experience in fixed interest investment, both UK and USA, and in equity investment. He/she will be responsible to the Board for the management and expansion of the company. Aged 27-35 he/she will be highly professional and possess the ability to expand and develop the company. Lloyd's experience is not necessary.

Applications with CV in strict confidence to:
M.T. Coulton
Langton Investment Services Limited
21 Widgegate Street,
London, E1 7HP

INTERNATIONAL



MAJOR
PROJECTS
OPPORTUNITIES
REWARDS

KIER
A PERRY COMPANY

Toulouse Southern France

Airbus Industrie

has a vacancy in its Legal Department for an:

International financial & commercial lawyer

A minimum of five years experience required in handling syndicated loan finance, negotiable instruments, financial guarantees, commercial sales contracts, leasing transactions and tax matters.

Based in Toulouse in Southern France, the position involves frequent travel worldwide. In addition to English, fluency in French is required. A knowledge of other languages, particularly German, would be an advantage.

Send C.V., handwritten letter and recent photo to Richard Brown, Human Resources Manager, B.P. 33, 31707 Blagnac Cedex, France.

AIRBUS INDUSTRIE

University of Exeter CENTRE FOR MANAGEMENT STUDIES

Due to its continued growth the following posts are immediately available (the latest start date is September 1990). All posts will be for three years in the first instance.

DEPUTY DIRECTOR (Senior Lecturer in Management) Ref. No. 3661
LECTURER IN MANAGEMENT (Banking) Ref. No. 3662
LECTURER IN MANAGEMENT (Law) Ref. No. 3663

The Deputy Director will preferably have substantial management experience as well as a degree in a relevant field. Management experience is also preferred for the lecturing posts in addition to degrees in Economics or a related subject for the Banking post and Law for the Law post; interests in the Management of Banking and other financial institutions, and in advanced Commercial Law respectively are particularly being sought.

Secondments for the lecturing posts would be welcome.

Salary for the Senior Lectureship (Ref. No. 3661) will be within the scale £21,489 p.a. - £24,285 p.a. with placement according to relevant experience.

Salary for the Lectureships will either be on Lecture A scale £10,458 p.a. - £15,372 p.a. or on the Lecturer B scale £16,014 p.a. - £20,469 p.a. with placement according to age and experience.

Telephone the Personnel Office (0392 263100 - Anzaphone) for further particulars quoting appropriate reference number. Closing date for receipt of applications 26 March 1990.

An Equal Opportunities Employer.

EXECUTIVE SEARCH

£50,000 + BONUS CONSULTANT

We are an Executive Search firm specializing in Investment Banking. We enjoy a pre-eminent position in the market, with an excellent client base and unrivalled expertise. We seek highly motivated entrepreneurial individuals with experience of Financial Services or Executive Search, to help with the expansion of our organisation in Europe and the UK. We value loyalty and team orientation in the people we employ and seek to display the highest levels of integrity to our clients and candidates respectively. If you are between the ages of 27 and 40, have a history of creative achievement and would like a new challenge, with excellent commercial opportunities, we would very much like to hear from you.

Please write to Box A751,
Financial Times, One Southwark Bridge,
London SE1 9HL

GRADUATES

South Coast - 40% travel

Mid-20's with min. 2 years' banking exp. for Audit team of prime American bank. 40% travel, mainly in Europe. Formal audit training given. Ex. salary & benefits.

SENIOR AUDITOR City-based

A graduate with considerable bank audit experience or an ACA with one of the Big Eight. Capable of heading a large audit team. £22,000 + bonus + ex. bens. 50% of the time will be spent travelling.

Please tel. Elizabeth Arnold on 01-623 1881 or send c.v. to her in confidence
ANGEL INTERNATIONAL RECRUITMENT, 50 Fleet Street,
London EC4A 3BE

CORPORATE BANKING c £35,000

A major International Bank has two opportunities for Corporate Bankers to join their team at a managerial level. A sound credit background is a prerequisite, as is substantial experience of account management. Interested candidates — in their late 20's/early 30's — will possess excellent marketing skills, as the roles will involve development, as well as maintenance of the existing portfolio. For one of the positions, a previous coverage of a financial institutions client base is desirable for the second position, medium-large corporates. Product knowledge for both roles should cover: treasury, including IRS, FRA's, syndicated loan facilities, foreign exchange and trade-related finance. Capital markets and acquisition financing knowledge would be useful.

ACCOUNT OFFICERS c £25,000

The London-based operations of two major European banks currently require account officers to augment their marketing teams. For both roles, a solid background in credit analysis, gained within either a clearing or international banking environment, is essential. For one position, experience of analysis of structured finance deals is essential; for the other, a previous client base amongst large UK corporates would be desirable. Interested candidates should ideally be graduates, aged in their late twenties.

For further details, please contact Sarah-Jane Witteridge on: 01-606 1706, or write to her, enclosing a comprehensive curriculum vitae, at:
Anderson, Squires, 127 Cheapside, London EC2V 6BU.

LONDON • PARIS • FRANKFURT

CHIEF DEALER & highly negotiable

A newly formed International Bank has an opportunity for a Chief Dealer to establish a Foreign Exchange and Money Market division. You will be afforded the scope to develop the area from scratch, which will involve all elements of the design of the dealing room, from selection of systems and writing of the procedure manual, to recruitment of additional personnel. It is envisaged that the venture will be fully operational within a relatively short period; for this reason, the successful candidate will, in all probability, have previous experience of start-up situations.

**ASSISTANT MANAGER
Sales/Aid Vendor Programmes**

Our client is a major international bank with a highly successful asset-based finance group. As a result of sustained growth, an Assistant Manager is required to market Sales/Aid Vendor Programmes. You will be aged in your twenties with at least two years relevant experience preferably gained within the hi-tech leasing market and have the ability to sanction your own credits. Consideration will also be given to marketing support personnel who have the necessary attributes to progress into a marketing role. An attractive salary will be offered, together with a substantial benefits package providing considerable earning potential.

Anderson, Squires

A Member of the Pichler Group PLC

**CREDIT INSURANCE BROKER
AUSTRALIA**

The Credit Insurance Association (Brokers) Ltd. Australia, a subsidiary of Hogg Robinson & Gardner Mountain Insurance Brokers p.l.c., wish to appoint a Credit Insurance Broker. CIA are established brokers in Australia and have consolidated their lead market position by developing new areas of credit insurance.

The successful candidate, likely to be in their mid 20's, will be ambitious and seeking to build their future career in Australia. A sound knowledge of both domestic and export credit insurance broking, familiarity with account servicing and the ability to look for new business is essential.

Excellent career opportunities and appropriate remuneration package (negotiable).

Please contact, in the first instance:

Cleo Bowen, Recruitment Officer
Hogg Robinson & Gardner Mountain
Insurance Brokers Ltd
Lloyds Chambers, 1 Portoken Street,
London E1 8DF
Telephone: (01) 480 4047
Fax: (01) 480 4667 (confidential)

**BANQUE BRUXELLES LAMBERT**

London Branch

CREDIT OFFICER

CITY
ARE YOU LOOKING FOR A CAREER MOVE?
SOMETHING COMPLETELY DIFFERENT?

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ACCOUNTANCY COLUMN

Tax threat to multinationals investing in US

By Rod Burton

INVESTIGATIONS by the US Congress and recent legislation point to the likelihood of increased attacks by the Internal Revenue Service (IRS) against non-American multinationals companies. The thrust will be against related-party transactions between non-American parent companies and their US affiliates.

There are much-touted but poorly substantiated statistics suggesting that while US-owned companies are paying more tax as a function of increased gross receipts, non-US owned American companies are enjoying increased gross receipts but lower US tax liabilities. For a Congress and Treasury Department faced with a staggering budget deficit and a "no tax increase" President, this has to be irresistible.

Late last year Congress enacted legislation curtailing excessive debt financing of US companies by non-US owners. The same legislation dramatically increased the powers of the IRS to enforce "arm's length" pricing policies regarding transactions between US subsidiaries and non-US parents.

Even without the legislation of last year the IRS has several non-US multinationals before the courts on allegations of abusing related-party transactions to siphon profits out of the US.

In two much-publicised pending cases, Yamaha Motors and Daewoo International, the IRS is asserting penalties of \$12m (\$7.7m) and \$7m in addition to tax deficiencies allegedly caused by inappropriate inter-company pricing.

What does all of this add up to? As far as a non-US multinational is

concerned, three things need to be understood. What financial relevance do the developments have? Can anything be done to mitigate their effects?

In October 1989 President Bush signed the Omnibus Reconciliation Act of 1989 (OIRA). The two provisions most relevant to multinationals concern the financing of a US investment by a non-US parent, and the enforcement of "arm's length" intercompany transactions between a US affiliate and its non-US owner.

In the former, interest on "excessive" debt owed to a non-US related party will not be deductible by the US affiliate. The precise rule is that interest expense on a debt owed by a US company to a non-US related party can be deducted only insofar as it does not exceed 50 per cent of the US company's adjusted taxable income (that is, taxable income increased by interest expense, depreciation and amortisation).

The intent is to stop a perceived outflow of earnings (known as earnings stripping) in the form of deductible related-party interest expense. The effect is to curtail severely debt-financed acquisitions of US companies by non-US multinationals. The denial of the interest deduction can be avoided if the US affiliate maintains a debt-to-equity ratio no greater than 1 to 1.5 to 1.

Regulations under the provision are expected to treat outside borrowings of the US affiliate as related-party debt if the non-US parent provides the lender with a guarantee or other form of comfort.

The second item, enforcement of

"arm's length" intercompany transactions, greatly enhances the IRS's powers to obtain transfer pricing data from non-US multinationals respectively groups.

First, the new rules lower the percentage of ownership required for a US affiliate to be considered "related" to its non-US owner, from more than 50 per cent to more than 25 per cent.

Second, the non-US parent will have to maintain documents in the US supporting its intercompany transactions. The IRS may waive this requirement by regulation if the non-US parent gives an undertaking to the IRS that such documents will be provided if requested.

Third, the non-US parent must appoint a US-based agent for the purpose of receiving an IRS summons to the non-US parent.

Fourth, the monetary penalties for failure to provide the required information are increased and the former maximum penalty of \$25,000 eliminated.

Finally, the IRS may deny the deductibility of related-party items where the preceding requirements are not met.

The relevance of the above measures is quite simply that they will have a direct and material impact on the earnings per share of non-US multinationals. Although many of the pending court cases are anti-Asian and anti-Japanese (as is most of the attendant rhetoric), no sensible senior executive of a European multinational can ignore the fact that these developments will apply generally. The European Community in aggregate has invested far more heavily in the US

than has the Far East, and any thought that these new rules will apply across the Pacific but not across the Atlantic is self-delusion.

In addition, the earnings per share relevance of these developments is another, perhaps more subtle, impact. Inter-company transaction disputes with the IRS are extremely expensive (even if the company wins) and they are protracted. The IRS estimates that resolution of significant intercompany pricing issues can typically take eight years from the time a tax return is filed. This uncertainty often affects the tax liability of the non-US parent in its home country. The magnitude of the uncertainty can, and quite often does, affect the financial statement of the overall group. Maintaining a reserve for potentially significant intercompany pricing adjustments over a period of years is pleasing to no one.

Finally, what should multinationals be doing in the face of these developments? There are really two points to be made. First, the focus of the IRS in resolving related-party transaction disputes is one of establishing the underlying economic substance. Large US multinationals, which until the recent legislation have been the principal target of the IRS, have been increasingly using economists to develop well-documented arguments in support of their inter-company pricing methodology.

While posing an "up-front cost," this approach provides significant comfort against potential penalties for taking inappropriate tax return positions, as well as assistance in reducing the need for significant reserves

on the financial statement. Ultimately this technique may be far less expensive than a dispute with the IRS. As the new legislation begins to bite, non-US multinationals are likely to take a similar approach.

The second thing multinationals need to consider is the new IRS programme aimed at establishing agreements between the IRS and multinationals concerning intercompany pricing issues. The IRS has been developing advance determination agreements (ADAs).

If carried to fruition, an ADA would permit a multinational to pre-clear its methodology for intercompany transactions with the IRS in a legally enforceable contract. The IRS is anxious to have its main treaty partners in other countries, including the UK, join in these agreements.

Despite their importance, the availability of ADAs has not been widely publicised in the UK, although several large British multinationals are in negotiations with IRS.

As with any agreement process, the success of the ADA idea will depend upon there being a benefit to both taxpayer and tax authorities. Overall it would seem that both parties could save enormous financial and human resources that are otherwise wasted in protracted related-party transaction disputes. Additionally, the added certainty to the taxpayer's financial statements as well as the government's revenue estimates provides significant incentives for each side to pursue such agreements.

Rod Burton is a US tax partner who heads Arthur Andersen's multinational tax services group in London.

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£27,500 + financial sector benefits.

As the largest operating division of Prudential Corporation, Home Service is a market leader in direct selling insurance via its own field force.

We now have an opening for a Financial Accountant to join our Finance function based in Central London.

You will be responsible for a team of five staff, providing financial support for all unit linked and unitheld life and pensions business including the production of weekly unit prices and accounting control of the Division's highly successful range of personal pensions contracts.

Reporting to the Life Accounting Manager, you will be expected to ensure accurate and timely production of management and statutory accounts, whilst regularly appraising and developing existing systems and procedures.

You should be a qualified accountant with relevant supervisory and technical experience, gained either in a unit linked or financial services environment, with a proven ability to meet deadlines and prioritise challenging workloads. Good interpersonal and analytical skills together with a confident and mature personality are essential requirements.

This role offers considerable scope in a challenging environment. Opportunities for career progression in the Division and Group are excellent.

Please telephone or write enclosing full cv and current salary to Caroline Pattison, Personnel Central Services, 1 East Harding Street, London EC4A 3PR. Tel: 01-334 6489.

We are an equal opportunity employer.



PRUDENTIAL

Financial Controller

City

£40,000 + Car

Our client is recognised as one of the market leaders within the specialist service sector in which it operates. Being part of a blue chip International group, whose activities are expanding, this profitable multi-location operation is embarking on a period of substantial development and change.

The newly formed position of Financial Controller is an essential catalyst to assist the business through this exciting phase. The Financial Controller will be a key member of the management team involved in supporting the Board with a very high level of information and advice. Further development of financial control, reporting and planning are key tasks together with the upgrade of computerisation in all financial and accounting matters. This is a high profile role that will require a practical, commercially

minded chartered accountant who can demonstrate sound achievements to date. Candidates, aged mid 30s, must have strong communication skills, the motivation of a self starter and the ability to promote change. Career prospects are excellent.

Please telephone or write enclosing a full curriculum vitae quoting ref: 410 to:

Philip Cartwright FCMA,
97 Jermyn Street,
London SW1Y 6JE
Tel: 01-839 4572

**Cartwright
Hopkins**

FINANCIAL SELECTION AND SEARCH

FINANCIAL CONTROLLER—LEISURE

c. £30,000

W. LONDON

Our client, a leading UK based company in the travel and tourism business seeks to appoint a Financial Controller for their UK and European operations.

Reporting to the Chief Executive, the successful candidate will head the Accounts Department (currently ten staff) and will be functionally accountable for every aspect of the Group's accounting, budgeting and financial reporting including the preparation of Financial Accounts and Management Information Reports from computerised systems.

Probably aged 25-35 and qualified ACA/ACCA/CMA you will be computer literate with a minimum of 3 years' experience in a commercial environment. Good communication skills should be backed by a flexible and enthusiastic approach to all facets of an exciting international growth market.

The remuneration package includes medical insurance and subsidised private car travel.

Interested applicants should send a detailed CV (including current salary details) to:

Miss Carmel Cannon, Freeman & Partners, Chartered Accountants,
30 St. James's Street, London, SW1A 1HB.

Freeman & Partners
Chartered Accountants

Company Secretary

European Rental And Leasing
Bucks,
c £40,000, Benefits, Car

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER,
NEWCASTLE, NOTTINGHAM, ST ALBANS, SHEFFIELD, WINDSOR and EUROPE

This PLC with an impressive growth record is already firmly established throughout Europe and is intent on significant further growth throughout the 90's. The present requirement is for a highly professional Company Secretary with extensive knowledge of European operations.

Aged 35-45 ideally with a finance or legal qualification, you will have gained detailed knowledge of international stock dealings, company law, trade regulations, statutory procedures and taxation. Your work will involve overseas travel and the control of a small team based in two centres, one of which is overseas.

You will also be of an open mind and be able to contribute to future growth policy as part of a young dynamic team based at the Head Office. A foreign language is desirable. Rewards and benefits are excellent as are working conditions.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, J. Bewley, Hoggett Bowers plc, Bank House, 100 Queen Street, SHEFFIELD, S1 2DW. 0742-731241, Fax: 0742-731331, quoting Ref: S11034/FT.

KEELY SMITH & JOBSON SOLICITORS

We are a young and successful firm of solicitors who, since our establishment in 1982, have experienced continual growth and have achieved a strong reputation in the provision of company and commercial legal services throughout the West Midlands. The development of our firm, based in the Cathedral City of Lichfield, has derived from our progressive approach and providing our clients with the highest quality advice and personal service whilst paying our staff the highest level of care and attention.

DIRECTOR OF FINANCE

In response to this rapid growth and our plans for the future we have created the new position of Director of Finance whose appointment, we believe, will be crucial to our continued development.

The Director will report to the firm's Finance Partner and will be responsible for providing a comprehensive accounting, financial control and reporting service.

This challenging position requires someone who will be of partnership calibre and professionally qualified in accountancy. Proven post qualification experience is required, preferably, although not essentially, in a legal environment.

A remuneration package reflecting the importance we attach to this new position will be offered.

Please write with full career details to:
Tim Jobson, Finance Partner, Keely Smith & Jobson,
16 Bore Street, Lichfield, Staffordshire WS13 6LL

REUTERS REUTERS REUTERS REUTERS

IT PROFESSIONALS - COMPUTER AUDITORS

Salary range £25,000 to £45,000

based on experience

Reuters is the leading world news and financial information organisation. Operating in more than 170 cities in 80 nations and supplying data to nearly 200,000 terminals in over 120 countries, our business is global, highly complex and extremely fast-moving.

The growing Computer Audit group is responsible for reviewing the complete development and implementation cycle for new Reuter services and new internal systems.

The group is also involved in computer and data security issues in Reuters worldwide communications networks, data centres and trading locations.

The work is carried out from three main bases in London, New York and Singapore, with staff travelling to site as required.

Because of the continued expansion of the Company's business and as a result of successful in-company career moves we are again offering a range of challenging opportunities.

Computer Auditors/IT Specialists with skills and demonstrable experience in some of the following will enjoy outstanding career development and training opportunities with an acknowledged industry leader.

DEC VAX ■ VMS ■ SYBASE ■ ORACLE
IBM MAINFRAME ■ MVS ■ ACP2
TELECOMS ■ FINANCIAL/BANKING SYSTEMS

The experience you will gain will give you outstanding prospects for the future. The benefits on offer include a company car, six weeks holiday, BUPA membership, the opportunity to participate in the Reuters SAYE Share Option Scheme and relocation assistance if appropriate.

Please write with your CV quoting ref no: 541 to: Monique Gellon, Recruitment Executive, Reuters, 85 Fleet Street, London EC4P 4AJ, or telephone 01-353 7329 (24 hour answering service) for an application form.

Reuters is an equal opportunities employer.

REUTERS

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ACQUISITIONS MANAGER

Building a European business

East Midlands

With outstanding performance, professionalism and an impressive record of achieving strategic goals, this respected public group is able to provide a superb opportunity to develop strong acquisitions experience. It has embarked on an ambitious acquisition programme to realise the potential it has in its consumer goods markets both in the UK and internationally.

This commitment to growth by acquisition in highly competitive sectors necessitates the appointment of an acquisitions specialist to join the existing team reporting to the Corporate Development Director. The post will cover the full acquisition process for a major division from initial assessment to negotiating the deal and ensuring the subsequent integration into the group. Candidates are likely to be ambitious qualified graduate

Package to £40,000 + car

chartered accountants with some overseas experience, preferably in Europe. Aged around 30, they should have track records showing responsibility gained in a large organisation with exposure to acquisitions, as an advisor or principal. Commercial judgement, the ability to progress many acquisitions at varying stages and well rounded interpersonal skills are essential. Commitment to the Group's and your own success will ensure access to excellent career prospects within the Group or an acquired business.

Please reply in confidence, giving concise career, personal and salary details to Michael Fahey, quoting Ref: L487.

Egor Executive Selection,
58 St. James's Street
London SW1A 1LD (01-629 8070)

EGOR
EXECUTIVE
SELECTION

United Kingdom • Belgium • Denmark • France • Germany • Italy • Netherlands • Portugal • Spain • Sweden

FINANCIAL CONTROLLER International Art Dealers

London

£40,000 + car

This appointment arises in a highly profitable group which operates five London galleries specialising in modern and contemporary art. Turnover, currently in the region of £50 million, includes a significant export content. The group is achieving continuing rapid turnover and profit growth in both of its major areas of activity: dealing in original works of art and the sale of limited edition prints.

The Financial Controller's role will embrace both line accounting responsibility and direct commercial involvement. Reporting to the Group Financial Director, and deputising for him when required, the successful candidate will be expected to manage an efficient finance function, supported by six staff. Key challenges will be to improve financial controls and to assist line managers in obtaining the full benefits of newly installed computer systems.

The Financial Controller will also take direct responsibility for the financial management of the prints side of the business, providing the Directors

concerned with the management information and financial advice they need in order to continue to develop this operation successfully.

Applicants should be qualified accountants in their thirties or forties who have a shirt-sleeves approach and are familiar with the demands of a fast-moving business. They must combine meticulous accuracy with the ability to think about the figures they produce, anticipating problems, responding promptly to the needs of management and displaying commercial awareness.

Please send a career résumé, including current salary and day-time telephone number, quoting ref: 3110, to Graham Perkins, Executive Selection Division.

Touche Ross

5th Floor, 52-54 High Holborn,
London WC1V 6RL
Telephone: 01-353 7361.

European Accounting and Analysis Manager

Circa. £35k plus car
& excellent benefits

Ashford,
Middlesex

Informix Software, headquartered in Silicon Valley, California, has grown rapidly in the last few years to be one of the world's leading independent software companies, with the largest installed base of relational database management software and tools in the UNIX marketplace, and superb Office Automation tools in the DOS and Macintosh environments (Smart Wings). In 1989, around 40% of worldwide revenues of \$145 million were generated by the European Operation, which has 7 subsidiaries and a head office in Ashford, Middlesex.

This opening arises because of internal promotion, and represents a superb opportunity to use and develop your skills and experience to make a real impact on the quality of reporting and understanding of a growing business in a highly competitive marketplace. Reporting to the European Finance Director, you will be responsible for budgeting, forecasting, consolidations, business analysis, report production/development and many related activities: all to tight deadlines, but with the co-operation of accounting groups across Europe.

You are likely to be a qualified accountant (preferably first time passes), whose technical expertise is unquestioned. In addition you should be able to communicate confidently at all levels of management. You will be adept at using desktop software tools and working with MIS personnel to exploit I.T. for improved presentation, analysis and productivity. Knowledge of U.S. GAAP would be useful, but more important is experience of working with European cultural and accounting differences. A second European language would be an advantage, but not essential, and you should be prepared to travel.

Please respond promptly with a full CV including earnings, history and outlining why you believe this to be an opportunity that will be to our mutual benefit. Reply to Nick Foster, Human Resources Manager, Informix Software, Informix House, Littleton Road, Ashford, Middlesex TW15 1TZ. Fax: (0784) 249600.

INFORMIX

Portfolio

FINANCIAL CONTROLLER Cambridge £35,000+car

- Progressive Company
- ACA 25-35 years
- Minimum 3 years PQE

Excellent opportunity to join a medium sized company with an impressive growth record and expanding European activities. This is a "hands on" role requiring a positive and flexible individual with commercial experience who would relish a challenge. Telephone JAMES DUTTIE on 01-836 9581. Ref: FT8390/A

CORPORATE FINANCIER City c. £40,000+bens

- UK/European M & A
- Fast Growth Department
- Proven Corporate Finance Experience

Several experienced Corporate Financiers are required by this Merchant Bank to undertake UK and cross border M & A together with more general Corporate Finance work. It is very much a growth area and candidates must demonstrate positive, front line skills. Opportunities exist at Manager and Executive levels.

For further information telephone PIPPA CURTIS on 01-836 9581. Ref: FT8390/B

FINANCIAL PA TO DIRECTOR West End £35,000+car

- Major Blue Chip Company
- Varied Assignments

Top quality Blue Chip Company seeks an experienced accountant to work as PA to one of the Directors. It is an extremely varied role spanning financial modelling, commercial analysis and business development.

The ideal candidate will have considerable intellectual capacity and be committed to a long term career. For more information please contact DENISE ENGLAND on 01-836 9581. Ref: FT8390/C

FINANCIAL ACCOUNTANT Berkshire £25,000

- International Company
- Extremely Fast Progression
- Major Blue Chip

This high quality FMCG company is seeking a recently qualified accountant, preferably from a Big 6 environment. Assisting in the performance of the consolidated financial and management accounts, the incumbent will gain exposure to a wide variety of projects.

Please contact LIZ OSBORNE on 01-836 9581. Ref: FT8390/D

RESEARCH ANALYST City to £28,000+bens

- First Class Entry to Financial Services
- Newly Qualified ACA
- Outgoing Prospects

Scandinavian bank with reputation for excellence seeks a newly qualified ACA from a Big 6 firm. The successful applicant will join the established and accomplished research analysis team, and prospects for advancement to other areas within the bank are superb.

Telephone PETER GREEN on 01-836 9581. Ref: FT8390/E

FINANCIAL MANAGEMENT CONSULTANCY Cost and Management Accountants London & Home Counties £22,000-£40,000+car

- Studying or qualified
- International Consultancy
- Tailored training programme

Exceptional growth within consultancy is reflected by the opportunities currently available at the offices of this leading firm of Management Consultants.

Graduates with good track records, probably in medium to large companies, are required to join multidisciplinary teams in London and at a number of regional offices.

The varied and stimulating work will allow individuals to improve their technical expertise and broaden their industry experience.

Please contact COLIN WILSEY on 01-836 9581 (or 01-446 7800 outside office hours) or write to him enclosing a full CV. Ref: FT8390/F

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PUTTING THE RIGHT PEOPLE IN THE RIGHT JOBS**

Douglas Llambias Associates, FREEPOST, 410 Strand, London WC2R 0ER.

A SENIOR FINANCIAL ROLE - MANAGING CHANGE

EDINBURGH c. £22-£27,000

With a view to consolidating responsibility for Legal Aid in Scotland, the Scottish Legal Aid Board was created under the Legal Aid (Scotland) Act 1986 as an independent Non-Departmental Public Body. We are thus undergoing an exciting period of development.

This has led to new roles and responsibilities - and an increasing need for effective financial planning, analysis, budgeting and forecasting in what is a fascinating and complex field. As the senior financial officer, reporting to the Director of Finance, you will be at the heart of managing change, deeply involved in generating greater efficiency and effectiveness.

A graduate, with a professional accountancy or business qualification, you should have a minimum of five years' relevant experience, at least two of which should have involved detailed financial planning and analysis. A confident communicator, you should have superior presentation and analytical skills, and be a persuasive leader. Strong management skills are a prerequisite, given the breadth of the responsibilities - directing four key functions with over 70 staff. Experience of computerised financial planning systems, including a familiarity with micro-computer software is essential.

Starting salary will be dependent on qualifications and experience.

Please write with full career details by 26 March 1990, to Claire Reid, Head of Personnel and Training, Scottish Legal Aid Board, 44 Drumshough Gardens, Edinburgh EH3 7SW.

The
Scottish
Legal Aid
Board

Appointments Advertising

appears every
Wednesday and
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(Friday International
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For further
information please
call:

01-873 3000

Jennifer Hudson
ext 3607

Richard Huggins
ext 3460

Sarah Gabe
ext 3199

Stewart Maddock
ext 3392

GROUP CONTROLLER - EUROPE

Milan Based

FMCG

c.LIT.160 Million (£80,000)

Our client a US FMCG corporation is continuing to increase its presence in Europe. As a result a new position has arisen within the European management team.

Based in Milan, and reporting to the Group Director the successful candidate will participate in and contribute to the development of the European operations. This will involve the monitoring and control of the finance functions of a number of subsidiaries throughout Europe, and participation in the group's acquisition activity.

Key responsibilities will include the development of management information systems, accounting policies and reporting procedures.

The ideal candidate will be a Chartered Accountant aged 32-40 with a minimum of five years commercial experience preferably gained in a US company or in an international FMCG group. Knowledge of GAAP and fluency in an additional European language are also prerequisites.

The package will consist of a high base salary, substantial bonus, car and relocation package.

Interested applicants should telephone Jonathan Cohen or Richard Parnell on 01-437 0464 or write to them, enclosing a detailed CV, at the address below.

ROBERT • WALTERS • ASSOCIATES

RECRUITMENT CONSULTANTS

Queens House 1 Leicester Place London WC2H 7BP

Telephone: 01-437 0464

YOUNG FINANCE DIRECTOR (DESIGNATE)

Fast-growing specialist manufacturer
Chester area £27-30,00+prestige car, benefits

Here is a small but highly successful designer and manufacturer of innovative leisure equipment, now planning another year of significant growth. Continuous improvement and expansion of their product range, spearheaded by aggressive and well-targeted marketing, has made them leaders in their specialist field. To maximise their future potential, they now need a talented young financial executive to join the top management team.

The operation covers multi-site manufacturing, distribution through their own transport fleet, selling through a national sales force and a significant product development function. While present systems have provided adequate control to date, there is now a pressing need for reporting to be updated in line with management's need for rapid access to key performance information. Cash planning and control in this fast-moving and partially seasonal business is of paramount importance, your contribution here will be invaluable and also in the wider aspects of business planning. There are plans for increasing exports, making strategic acquisitions and new product extensions. All in all, there is tremendous scope for development.

You will be a talented young qualified accountant, with sound experience in an industrial/commercial environment. You will enjoy the opportunity to take a commercial approach, enthuse your own staff and communicate the message of strong financial control throughout the organisation. The future for this dynamic company is extremely bright and your own career growth will match the company's success. A Board appointment would be expected within 6 months.

Please apply to Dudley Harrop at our Manchester Office.

M394

ASB

ASB RECRUITMENT LTD

Armetyst House, Spring Gardens,
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Also at: Birmingham, Leeds, Liverpool,
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A Division of ASB Business Holdings Plc

CHARTERED ACCOUNTANT CONSULTANT

Based in Milton Keynes c. £30,000 + car + benefits

A Chartered Accountant with wide experience of public practice and good interpersonal skills is required to join Chartac Practice Services (CPS).

As part of the Institute, CPS has a brief to provide confidential, impartial and expert advice and assistance to members in Practice on aspects of practice management, control and organisation. The successful applicant will join a small team and be required to meet with practitioners throughout England and Wales. Essential requirements for this position include the abilities to set and meet priorities and communicate effectively with senior members of the profession.

An attractive remuneration package with a car, private health insurance, first-rate pension scheme and (where applicable) relocation assistance is offered.

Please apply in writing enclosing CV stating your current salary, or telephone (0908) 668833 for further details.

Mrs J Burdock, Personnel Officer, The Institute of Chartered Accountants in England and Wales, Gloucester House, 399 Silbury Boulevard, Central Milton Keynes MK9 2HL.



FINANCE MANAGER

South West Midlands c. £32,000+car

This Position is with the autonomous UK operation of a major multi-national European Corporation. With sales increasing from its current £22m per annum, the company is seeking further profitable growth from its distribution and manufacturing activities which supply both consumer and industrial markets.

Reporting to the Chairman, the job will include responsibility for Finance, Site Services and Data Processing and Systems, along with managing a small professional team of staff.

Candidates must be qualified accountants with at least 5 years' broadly based financial management experience ideally gained in a multi-national environment. Experience of managing a D P department is essential, and determination and a vigorous personality are necessary personal qualities.

Career development prospects are excellent and along with a competitive negotiable salary, bonus and company car, assistance with relocation expenses will be provided where appropriate.

Please send a detailed CV quoting Ref: PBM/4136/PG to: Philip Guy, PA Consulting Group, 6 Highfield Road, Edgbaston, Birmingham B15 3DJ.

**PA Consulting
Group**

HUMAN RESOURCES

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Operations Manager

Our client is a highly successful Investment Management subsidiary of a major International Bank, with a turnover of £4 billion.

This is a new and significant role, with responsibility for the operations and compliance functions, with approximately 20 staff in support. The position would be suitable for a recently qualified Accountant, seeking a challenge in a dynamic environment, keen to take on additional responsibilities. Previous experience in an International Securities environment and with compliance exposure would be advantageous, but not essential.

An attractive salary and full benefits package will be offered to the chosen candidate.

Please submit a CV to the address below or contact us by telephone for further details.

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RECRUITMENT CONSULTANTS



5TH FLOOR, 2 LONDON WALL BUILDINGS,
LONDON EC2M 5PP
TEL: 01-628 7801 FAX: 01-638 2738

Gordon Brown

MAJOR PROFESSIONAL FIRM

Director Finance and Administration

to £55,000 + excellent benefits

One of the leaders in its profession, and employing about 200 staff in its 8 UK offices, this UK firm is long established and widely respected for its high standards, innovations and totally professional style. Future plans could include further acquisitions and joint ventures. This Board appointment will strengthen the financial and commercial management of the firm's dynamic growth and increasingly complex operations and services, both regionally in UK and internationally.

As a member of the Management Board, the Director will play a key role in strategic and commercial decision making processes. There is full responsibility for financial and administrative policy and management, including systems development, personnel functions and internal communications.

The need is for a graduate calibre qualified accountant, probably over 35, with a track record of strategic planning and financial management within a substantial services organisation. A strong mature personality and relaxed style will be important to operate successfully within this dynamic team. Key attributes are a disciplined analytical approach, energy and excellent communication skills.

This position is designed to attract and retain a top calibre individual for the long term. Remuneration will consist of base salary plus profit sharing arrangement. Excellent benefits will include a car and pension scheme.

Please reply in confidence, giving full details of education, qualifications, career and salary plus a daytime telephone number and quoting reference 1624 to Barbara Robertson MIMC, or call her on 01-583 3303.

BDO Binder Hamlyn Management Consultants
8 St. Bride Street, London EC4A 4DA

**BDO
BINDER
HAMLYN**

Financial Planning And Analysis Manager

High Technology Products
South East England,
c £35,000, Car, Benefits

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, ST ALBANS, SHEFFIELD, WINDSOR and EUROPE

With an international reputation for excellence in the field of high technology engineered products, this organisation is a successful £160m division of a major plc. A vital supplier to a range of 'blue chip' manufacturers throughout the world, the company works closely with its customers to ensure that product quality achieves their existing and future standards. The company is investing heavily in a strategic action programme aimed at enhancing performance and strengthening its position. To facilitate this the Financial Planning and Analysis Manager will be responsible for introducing radical change to business forecasts, monitors and financial modelling. Incorporating innovative techniques, you will lead a team dedicated to providing information which will allow line managers to enhance profit performance. Ideally you will be a graduate and a qualified accountant (CIMA) in the age range 25-35. Your recent career will have been in a volume manufacturing environment where you will have developed experience in sophisticated planning and analysis processes. Obviously tenacious and proactive, your communication skills will be of the highest standard emphasising your ability to contribute in the senior management arena. Whilst being detail conscious you should be a creative presenter, eager to be part of a winning team. The excellent package is supported by generous relocation terms and an outstanding range of career opportunities.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, A.E. Philipps, Hoggett Bowers plc, 11-12 Queen Square, BRISTOL, BS1 4NT. 0272-298433, Fax: 0272-279714, quoting Ref: D1502/FT.

BUSINESS DEVELOPMENT DIRECTOR

European Acquisitions

This major British plc's impressive growth and profit record is founded on the leadership of its competitive consumer markets. In advance of 1992, one of the largest divisions has embarked on the expansion of its European operations, largely through acquisition, to ensure its pre-eminent position in these wider markets.

The Business Development Director will join a small team with the remit to identify, evaluate and negotiate European acquisitions on behalf of the Division. The person appointed will provide the financial input to the team and will also lead the negotiation and completion of deals, including the integration of companies within the Division. The role is based at the Divisional head office in a rural Midlands market town. The successful candidate must be a graduate qualified

Package to £60,000 + car

accountant, probably in his or her early or mid thirties. You should combine a track record of increasing responsibility gained in large organisations with recent acquisitions experience in a major public company. A knowledge of European languages would be advantageous. Both the Divisional and Group plans for expansion offer excellent prospects for promotion in the next two to three years for individuals with drive, intelligence and effective communication skills.

Please reply in confidence, giving concise career, personal and salary details to Heather Male, quoting Ref: L486.

Egor Executive Selection,
58 St. James's Street
London SW1A 1LD. (01-629 8070)

EGOR
EXECUTIVE
SELECTION

United Kingdom · Belgium · Denmark · France · Germany · Italy · Netherlands · Portugal · Spain · Sweden

Financial Director

c£40,000+car

Northern Home Counties

As a market leader with substantial UK and European operations in a buoyant sector of the contracting industry, our client is now looking to recruit an influential qualified Accountant to help lead the business forward into a new and exciting stage of its development.

Take up the challenge and, although your direct responsibilities will be to head the Finance and Computing functions, as deputy to the Managing Director your impact will be far wider.

You should, therefore, have a sound record of achievement in industry, together with the astute commercial sense to make decisions that will affect the whole of this fast moving business.

Strong personal credibility and management skills are also essential.

Experience in the contracting industry is highly desirable and a knowledge of one or more European languages would be an advantage.

The salary of c£40,000 pa is offered together with a prestige company car and a full range of executive benefits, including generous relocation where appropriate.

For detailed discussions please call Neil Sampson on (043871) 6875 (office hours) or (0494) 725176 (evenings/weekends). Alternatively, send your cv to him at Austin Knight Selection, 22 Prospect Place, Welwyn, Herts AL6 9EN. Please quote ref K584.

**Austin
Knight**

Group Financial Director

c. £55,000 plus car
bonus and stock options
North West England

This well established and successful diversified plc has a core business of light manufacturing with operations throughout the UK and a growing presence within Europe, the USA and the Far East. Current turnover is in the region of £130 million.

A commercially minded, talented and business oriented Group Financial Director is now required to assist in further expansion overseas, and the integration of new acquisitions. Reporting to and working closely with the Group Managing Director, you will contribute fully to commercial and

strategic decision making, taking responsibility for all aspects of the group's financial function including statutory reporting, taxation, funding and investment policy.

Candidates should be qualified accountants aged 35+ with prior plc experience in a senior financial role. Previous experience of acquisitions and divestments would be useful, as would a background in light manufacturing. You should have sound managerial and interpersonal skills, and be prepared to accept a 20% travel element.

The group head office is situated in a particularly attractive area and relocation expenses will be paid where appropriate. Long term career prospects are excellent.

Please send your CV outlining your career to date, including details of your current salary, quoting reference J/1030 to Janet Stockton at: Executive Selection Division, Price Waterhouse Management Consultants, No. 1, London Bridge, London SE1 9QL. Tel: 01-334 5743

Price Waterhouse



DIRECTOR OF FINANCE AND ADMINISTRATION

London Legal Practice

package value £40-50,000

Bird & Bird is a leading commercial law firm, with an international reputation in technology and communications. To strengthen its management it has identified the need for this key appointment.

Reporting to the Managing Partner, the Director will be expected to make a positive and imaginative contribution to the strategic direction and profitability of the business. Supported by a small staff, he or she will take full responsibility for financial management, administration and the development of management information systems.

This is a challenging position, which calls for highly developed communication skills and leadership qualities, combined with a considerable financial acumen. Candidates

should be qualified accountants, aged between 35 and 50. They will have to demonstrate a successful track record in industry or commerce, should have a hands-on approach and must be able to command the respect of their fellow professionals.

Applications, including a comprehensive career résumé with salary history and daytime telephone number, should be sent to Richard A. Lee, Executive Selection Division, quoting reference 3109.

Touche Ross

5th Floor, 52-54 High Holborn,
London WC1V 6RL.
Telephone: 01-353 7361.

A Challenging and Enjoyable Working Environment

MANAGEMENT CONSULTANCY

Central London

Age 27-33

£30-40,000 + car

The key to effective current and future commercial management decision making, lies in the effective use and development of computer systems.

Our client, a major Division within one of the world's leading consulting firms, is dedicated to identifying its clients' decision making needs and translating these into systems which meet those needs.

They are now seeking qualified accountants who, in addition to their financial experience, can demonstrate:

- commercial awareness
- strong inter-personal and persuasive skills
- experience of implementing or enhancing mainframe based systems

to join their high calibre multi-background team.

In return, our client offers:

- challenging and stimulating work
- excellent training and development
- career and salary progression in line with ability.

A strong track record of growth and high consultant retention rate, reflect the job satisfaction to be derived from the close working relationship with clients on real business issues.

If you wish to discuss how you might contribute to this Consultancy's future success, please telephone either Shirley Knight BA MBA ACMA or Karen Wilson BA ACMA on 01-491 3431 or write to them at FMS, 14 Cork Street, London W1X 1PF, enclosing a recent CV and a note of current salary.

FMS

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for
Financial Management

FINANCE MANAGER

Based Versailles Region France

FF350,000 Package including Fully Expensed Car

Our client is a well established organisation operating in the vehicle management and leasing sector. Backed by a major British plc, they have already attained an enviable reputation in the UK market and are now poised to compound on this success by establishing a major presence in the French market place.

An integral part of this strategic move, is the recruitment of a Finance Manager who would be responsible for the development for the new operation, working alongside the French Management and UK Board of Directors.

As a young, qualified Accountant, probably aged 28-32, you will have gained excellent all round experience in a growth orientated business working with sophisticated state of the art systems. In addition, you will have fluency in French and ideally have worked in an international company environment.

This represents a unique opportunity to join a young and energetic team of professionals, operating in a challenging and demanding market place. The position offers an attractive remuneration package which reflects the seniority and importance that the organisation is attaching to the recruitment of this individual.

Please write, enclosing a comprehensive CV, quoting ref: A568 to Charles Austin at Mervyn Hughes International Limited, Management Recruitment Consultants, 63 Mansell Street, London E1 8AN. Telephone 01-488 4114.



M E R V Y N H U G H E S I N T E R N A T I O N A L

Finance Director

South Humberside

c£35,000 + Car + Benefits

Our client is a profitable £50 million turnover *finag* company, and part of an internationally renowned US-based multi-national. They now seek to recruit a Finance Director who, reporting to the Managing Director, will assume full responsibility for all aspects of the finance function, both for the UK operation and an associated company in Spain. The business is experiencing considerable growth which is set to continue, and is undergoing significant change, particularly in the development of management information systems.

Candidates should be qualified accountants, possibly with an MBA, with significant experience in the *finag* manufacturing

sector, who can demonstrate a track record of achievement to date.

As this is a fast moving market orientated business, individuals will have to demonstrate well developed interpersonal skills, coupled with an outgoing personality, in order to make a positive contribution to the overall management of the business.

A comprehensive benefits package including full relocation facilities is offered. Interested applicants should write to James J. Russell, quoting ref. L8529, at Michael Page Finance, Leigh House, 28-32 St. Paul's Street, Leeds LS1 2PX. Tel: (0532) 450212.



Michael Page Finance

International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Finance Director

East Midlands

c£30,000 + Car + Benefits

Our client is a diverse US multinational with subsidiaries throughout Europe. The position arises in their rapidly expanding Midlands based subsidiary, which is engaged in the manufacture and supply of automotive products.

This high profile role will assume immediate control of the full finance function for the operation. Due to the recent expansion of the organisation, a complete review of the management information systems will need to be undertaken and recommendations implemented, to provide a firm platform from which to generate further profitable growth.

The successful applicant will be a qualified ACMA/ACA/ACCA with a proven track record over at least 5 years in a manufacturing

environment. From a strong costing background, you will nevertheless have developed a broad armoury of financial skills. Reporting to the Managing Director and as a member of the Board, you will play an integral part in the commercial decision-making process.

These talents, along with the desire to progress within the group, will be amply rewarded by a negotiable package to include an executive car and all the usual large company benefits.

Interested candidates should apply, enclosing a current curriculum vitae, to Oliver Howl BSc, ACA at Michael Page Finance, Bennett Court, 6 Bennetts Hill, Birmingham B2 5ST or telephone him on 021-643 6255 quoting reference OH106.



Michael Page Finance

International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Finance Director

Aerospace

Excellent financial package

Our client is one of the fastest expanding UK companies in the Aerospace sector, providing a range of specialised services to both civil and military aircraft operators. The company is part of a large industrial group which has targeted aerospace as an area for major expansion both organically and by acquisition. It works on a worldwide basis and has won the Queen's Award for Export Achievement. There is an urgent requirement to recruit a Finance Director to take full control of all the financial affairs of the company.

You are likely to be a qualified accountant with previous experience in aerospace or a broadly related engineering sector. You will have had at least three years of responsibility for the finances of a comparable company or division. You will be able to demonstrate particular strength in the introduction of Management Information Systems and tight financial controls and will be thoroughly familiar with the problems of controlling large projects.

The company is situated in an excellent working environment in the south of England and offers very good opportunities for career development.

In the first instance please call David Dillstone on 01-379 3533 or (out of hours) 01-627 2813. If you prefer, send a copy of your Curriculum Vitae to D D S Recruitment, 43 Aldwych, London WC2B 4DA.

All applications will be treated in strict confidence. Under no circumstances will you be discussed with our client without prior consultation.

General Medical Council Head of Finance

Central London

c.£35-40,000

The General Medical Council is the national body which regulates the standards and conduct of the medical profession. A prestigious organisation with a high public profile, the Council wishes to appoint a successor to the Head of Finance who will be retiring shortly.

The Head of Finance is responsible to the Registrar (the Chief Executive) and the Council for the effective and efficient financial management of all the organisation's activities. The General Medical Council's tasks are growing in scope and complexity.

Candidates should be qualified accountants with broad financial management experience, possibly gained in the charity, educational or public service sectors. The person appointed will have the enthusiasm and energy to innovate and to complete the transition to computerized

financial management systems. He or she will liaise with the Council's investment and actuarial advisors and, in relation to contractual matters, with its solicitors. Professionalism and the ability to work flexibly and responsively within a senior management team are key requirements.

Starting salary is negotiable within an incremental scale, with scope for advancement to a higher scale where this is justified by performance. There is a comprehensive, non-contributory pension scheme with index-linked benefits and a generous leave entitlement.

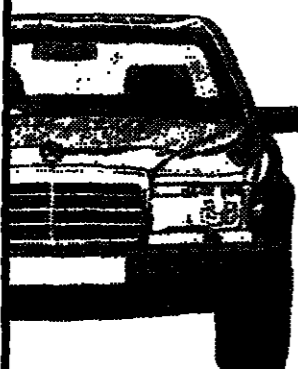
Please apply with full career details by letter or fax (01-439 7665) to Peter Humphrey quoting ref: M4024 clearly stating if the application is in confidence. You may telephone for further information on 01-439 6083.

**Roland Orr
& Partners**

Management Consultants

12 New Burlington Street, London W1X 1FF Telephone 01 439 6891

Management Accountant



Our dealership at Brentford, part of Mercedes-Benz (UK) Ltd, has recently undergone a major development, making it one of the most prestigious motor businesses in London.

Due to internal development we now need a dynamic Management Accountant to work closely with the management team to develop the dealership to its full potential. Working with a staff of 6, you will be involved in business planning, forecasting and production of monthly management accounts using fully integrated computer systems.

A qualified accountant in your early 30's, you should have experience of operating in a fast moving retail environment.

In return, we can offer excellent career prospects in an environment which allows you to make a positive contribution to the business development of the dealership.

In addition to an attractive salary you will have the use of a Mercedes-Benz car and other benefits associated with a major international company.

To apply, please send your CV to Mr E. W. Orgill, Executive Director, at Mercedes-Benz, Great West Road, Brentford, Middlesex, TW8 9AH.

MERCEDES-BENZ

TREASURY MANAGER

City

Age 28-35

c£45,000 Package + Bonus

The Investment Management arm of a major UK merchant bank is now establishing its own independent treasury operation to service its expanding private banking division. To lead this exciting new development, we are seeking a key individual to manage the company's treasury function.

Reporting directly to the Director of Treasury Services, main responsibilities would include:-

- day to day running of the treasury operation
- development of treasury hedging/risk management modelling techniques

- efficient funding of the company's treasury operation
- development of new business opportunities
- participation in executive committee policy review.

The successful candidate must have had 2-3 years treasury experience. AIB/ACT or an accounting qualification would also be beneficial. This position offers considerable exposure at executive director level and excellent interpersonal skills will be essential.

Interested applicants should telephone Stephanie Warren on 01-437 0464, or write including a brief CV to the address below.

ROBERT WALTERS ASSOCIATES

RECRUITMENT CONSULTANTS

Queens House 1 Leicester Place London WC2H 7BP
Telephone: 01-437 0464

Financial Controller

For small, modern, high potential engineering company
To £25,000 + car North West

Our client, a £5 million turnover subsidiary company of a large UK engineering plc, has an enviable reputation for high quality manufacturing and possesses a healthy customer base and forward order book. Modern facilities and automated equipment reflect the investment and commitment to achieve expansion and high profitability through organic growth, with possible later acquisitions.

Reporting to a Group Finance Director based in the Midlands, as the senior site accountant you will work closely with the site directors and provide strong practical financial leadership. Your lively proactive and independent style will complement sound professional experience gained in an engineering manufacturing environment. Initiative and the ability to motivate and drive change as the company grows are considered essential.

Ideally in your late 20s/early 30s, although age is not the main criteria, you will be a qualified

accountant, probably CIMA, with relevant senior financial experience. You will have introduced significant change and improvement in management and computerised information systems by personal energy and commitment. Possession of highly effective management accounting skills and familiarity with providing proactive business data to achieve improved company performance, planning and direction are also essential.

The package comprises a basic salary up to £25,000 plus bonus potential, fully fuelled company car and other appropriate benefits, including relocation assistance. Career prospects are excellent, with promotion potential to Financial Director a reality in the short term.

Please write with full details, including salary, - in confidence - to David Mather, Reference 31086, MSL International (UK) Limited, Sovereign House, 12-18 Queen Street, Manchester M2 5HS.

MSL International

Finance Director Designate Innovative High Technology Business

M27 Corridor

c. £35k + car

Exceptional design skills, a technically expert management team and innovative product development have earned this highly profitable company a £4 million turnover and a secure niche as a key supplier to OEM's worldwide. This rare combination of technical and marketing expertise has been widely recognised throughout the industry sector.

The next phase of rapid growth calls for the appointment of an experienced and imaginative finance professional to install the careful financial and commercial controls which will ensure that expansion is disciplined and profitable.

Ideal candidates will be qualified accountants with sharp business acumen and a willingness to become totally involved with all aspects of a commercial, export led operation. Those with a successful track record

in companies of similar size in the defence or electronics sector will be especially attractive and experience of rapid but carefully controlled growth will be a distinct plus.

A particular requirement is a blend of strategic vision, practical management skills and an informal shirt sleeves working style which will best fit the low key but technically astute culture of this unusual company. The rewards, which include career development in line with the company's growth and an early seat on the board, are exceptional.

Please send full career details quoting reference AR. 6005 to Penny Fieldhouse, March Consulting Group, March House, 13 Park Street, Windsor, Berkshire SL4 1LU. Telephone (0753) 868346 or (0753) 857880 at evenings and weekends.



March Consulting Group

Manchester Windsor Coventry Edinburgh

Internal Audit Manager

Northern Home Counties

c.£40K + quality car & share options

Our client is a major UK retailing plc with a successful trading formula and annual turnover approaching £1 billion. Its growth and profit performance is well in excess of its competitors. Developments for the 1990's are ambitious, carefully planned and will ensure continuing success.

Internal audit is a key function within the organisation with responsibility for identifying control risks and ensuring that adequate cost effective controls are in place throughout the business. A highly capable Internal Audit Manager is now being sought.

Reporting to the Group Finance Director, your remit will cover all aspects of the Company's operations and the provision of appropriate advice to the Audit Committee. Within this brief you will be responsible for Audit Strategy, budgeting and standards and will personally undertake any investigations of a particularly sensitive or complex nature.

Candidates should preferably be graduate qualified accountants with at least four years' experience in an audit

function within a commercial environment, preferably retailing.

You will be well versed in modern audit techniques and should have strong interpersonal, communication and team-management skills. Ambitious and assertive you will also be the type of person that will relish working in a dynamic, committed and informal environment. Likely age range 30-40.

The benefits include a very competitive salary, fully expensed quality car, share options, good pension scheme, health cover etc. Relocation assistance is also available where appropriate.

If this challenging opportunity interests you, please write in strict confidence quoting ref IAM 984 to:

Dirk Degenhart or Vinit Vadi,
Dirk Degenhart & Partners Limited,
Management Search & Selection,
Swan Centre, Fishers Lane, London W4 1RX.
Tel: 01-895 1331 (office hours)
01-894 2157 or 01-880 5619 (evenings & weekends 7-9pm)
Fax: 01-894 9288 (24 hours)



Schroder Ventures

Increasing your chances

Schroder Ventures has an enviable reputation as one of the fastest growing, most innovative and experienced venture capital teams in the market. There is a clear commitment to high standards in its operations which is reflected throughout its recruitment philosophy. The company now seeks to recruit an additional executive to join the existing team of exceptionally high calibre individuals.

Venture Capital Executive

ACA/ACMA OR MBA
London c£40,000 + bonus

Operating within an existing team the individual will contribute to the success of investee companies, from small start-ups to major management buy-outs. This will involve the evaluation of business plans, market analyses and the appraisal of management in order to assess the investment potential.

Applications are invited from candidates who meet the following parameters:

- * A first-class degree in a science or engineering discipline.
- * ACA/ACMA or MBA qualification.
- * Minimum five years commercial or accounting experience of which at least two years gained in an industrial organisation.

A strong commercial outlook is as important as qualifications and experience. In addition, the ability to develop relationships and communicate at all levels is essential. The position offers a highly competitive remuneration package with substantial bonus. Car and non-contributory pension are included.

Please contact our retained advisor Penny Bramah on 01-831 2000 or write to her at Michael Page City, 39-41 Parker Street, London WC2B 5LH.

MP
Michael Page City
International Recruitment Consultants
London Paris Amsterdam Brussels Sydney

PQE	
<p>KENT c£25,000</p> <p>Company Accountant</p> <p>This newly formed leisure company, backed by experienced, high-profile Directors with considerable market expertise, is planning an ambitious acquisition programme. With full responsibility for accounting, you will play an integral part in the management process including on-the-spot assessments of outlets. Attractive benefits include very worthwhile share option. Ref: 16064</p> <p>Contact the Branch Manager at 104 The Broadway, Bexleyheath 01-304 8211 Or our PQE Specialists at 76 Cannon Street EC4 01-489 9997</p>	<p>READING £28,000 + Car</p> <p>Financial Controller</p> <p>The young Finance Department at this £50m to European market specialist firm requires your hands on approach to take control of the team, produce monthly accounts, prepare profit reports and be responsible for foreign exchange and U.S. reporting. Move on up into your first senior position within this North American group. Ref: 1026285</p> <p>Contact the Branch Manager at 20 Queen Victoria St, Reading Reading 0734 596777 Or our PQE Specialists at 76 Cannon Street EC4 01-489 9997</p>
<p>MID SURREY £25,000</p> <p>Group Accountant</p> <p>Diverse manufacturing/entertainment plc offers proactive Head Office role that is broad in scope. As well as group results consolidation you will assist with treasury matters, review working capital, appraise subsidiaries accounts and carry out ad hoc assignments. Tennis courts and swimming pool! Ref: 2912205</p> <p>Contact the Branch Manager at 76 High Street, Guildford 0483 69151 Or our PQE Specialists at 76 Cannon Street EC4 01-489 9997</p>	<p>SURREY c£25,000 + Car</p> <p>Management Accountant</p> <p>This very successful manufacturer of construction related products operates 12 production units throughout the U.K. This role centres around the leadership of a small team to establish individual budgets, detail performance assessments and maximise computer system capabilities. Excellent prospects stem from a well-run organisation in a sound, profitable business. Ref: 72A231A6</p> <p>Contact the Branch Manager at 154 High Street, Sutton 01-643 9422 Or our PQE Specialists at 76 Cannon Street EC4 01-489 9997</p>
<p>CAMBERLEY £27,000 + Car</p> <p>Chief Accountant</p> <p>Steady expansion at this £7m to consumer durable supplier has created this commercial opportunity. Reporting the M.D., your brief will cover management reports, staff supervision, statutory accounts and systems enhancements. A lively sales and marketing environment where you can make a major contribution. Ref: 40262A5</p> <p>Contact the Branch Manager at 1 Cambridge Walk, Cambridge 0276 22232 Or our PQE Specialists at 76 Cannon Street EC4 01-489 9997</p>	<p>N.W. LONDON c£30,000</p> <p>Corporate Project Accountant</p> <p>Global satellite company, that develops and provides state-of-the-art technology and services, seeks an Accountant capable of devising intricate costing methodologies and who can embrace all the complex considerations linked to techno-economic trade-offs. This absolutely key role carries a superb, negotiable remuneration package. Ref: 9623A3</p> <p>Contact the Branch Manager at 94 Baker Street W1 01-489 3227 Or our PQE Specialists at 76 Cannon Street EC4 01-489 9997</p>

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we pay for the advertising.
Phone our specialist PQE Career Advisers
on 01-489 9997 NOW!

**REED...
accountancy**



INTERNAL AUDITORS BANKING

An international Bank with offices in 73 countries is further expanding its Head Office Audit Division and invites applications from newly qualified Chartered Accountants and Chartered Finalists of no more than 30 years of age, preferably with some bank audit experience.

The applicants should be prepared to travel both within the U.K. and abroad. Competitive remuneration package commensurate with qualification, age and experience will be offered. Applications with full C.V. should reach the following address by 20th March, 1990:

A. R. Khan
Central Audit Division,
Bank of Credit and Commerce International,
100 Leadenhall Street,
London EC3A 3AD.

UNIVERSITY OF ESSEX

DIRECTOR OF FINANCE

Salary in the region of £38,000 per annum

This senior appointment offers a challenging opportunity. The Director of Finance is accountable to the Registrar for the financial operations of the University and the duties include the development of financial strategy, participation in the planning process, the provision of financial advice and the management of the Finance Section.

Candidates should be qualified accountants with previous experience at senior level in either the public or private sector. Capacity to innovate and to manage change is essential.

Applications (eight copies) including a curriculum vitae and the names and addresses of three referees should be received by the Registrar (A/64/FT), University of Essex, Wivenhoe Park, Colchester, CO4 3SQ by Friday 30 March 1990. Further particulars of this post may be obtained by telephoning Colchester (0206) 872462 (24 hours).

Accountancy Systems Consultant: European Financial Systems

Thames Valley Competitive Salary + Benefits

The Company: Advanced Business Solutions Ltd;
A very successful, international computer software company with offices in Britain, Australia and Singapore. Involved in very exciting developments that will take European Banking Systems to 1992 and beyond. Bringing new software development productivity and project management ideas to the industry.

The Person:

With a professional accounting qualification and the ability to communicate up to the most senior management level. Perhaps having experience in the development of computerised finance systems in retail banking and in foreign exchange. A lateral, creative thinker not afraid to challenge convention.

The Position:

Stimulating, varied and offering considerable opportunity for European travel. Initially establishing European financial system requirements, then providing design input to Mainframe software development projects. Reporting to the General Manager and responsible for the latest financial accounting and banking practices being integral parts of Advanced Business Solutions' products.

The company will negotiate a competitive salary and benefits package, commensurate with qualifications and experience.

Forward details of education and work histories to:
Nicholas Rea, Advanced Business Solutions Ltd
P.O. Box 970 Windsor, Berks SL4 6PR or Fax 0753-822180.

PERSONAL

INDEPENDENT LT. CONSULTANT

With considerable experience in design room technology/realtime systems. Available to commence assignments as from April 1990. Will locate anywhere in W. Europe.

Write Box A754, Financial Times, One Southbank Bridge, London SE1 9LL.

NEW TOP EXECUTIVE JOBS IS YOUR TARGET?

Since 1980 we have provided support services to senior management or financial appointments for a confidential meeting which is with a view to securing a new position.

Connaught Mainland

22 Suffolk Street, Birmingham B1 1LS 021-643 2394



Financial Director Designate

An influential position where you will be part of the management team responsible for the products and services offered by the company to participants in the international securities markets.

As the director responsible for finance and administration, you will work with and report to the Managing Director. You will have full responsibility for the functioning of management accounting information systems, financial control, personnel policy and administration.

Applicants will be qualified accountants with at least five years experience in the financial services field. Fluency in a European language, preferably German, would be an advantage.

The rewards include an attractive remuneration package, together with a fully expensed executive car.

Please write enclosing full c.v. to Mrs Stella Deans
AIBD (Systems and Information) Limited
Seven Limeharbour
Docklands, London E14 9NQ

Director

Finance and Administration
International Charity c£30k + car

We are one of Britain's largest international charities with an enviable record of growth in funding and diversity of services. In 30 years our income has increased to more than £23 million annually and a strategic plan for further sustained development over the next ten years is in place.

The Director of Finance and Administration plays a key role in our Senior Management Team, working closely with the Director General in developing financial policy and taking direct responsibility for all financial, taxation and investment matters, the management of our IT function and internal administration services.

In addition, the increasing complexity of the relationship between the voluntary and statutory sector plus our growing interests in commercial activities provide us with many challenges in developing our services. The Director of Finance and Administration has a major innovative contribution to make in this area.

We are seeking a qualified accountant with at least 10 years experience at Senior Management level, preferably as Financial Director/Controller. Your management and communication skills must be as well developed as your pure technical expertise. Experience of managing in-house computer systems, policy development and providing internal management consultancy services is essential. Professionalism and a record of practical achievement is of more value to us than direct experience of working within the voluntary sector.

Salary around £30,000. Charity car provided, Central London base.

Please apply with detailed cv to
Colin Mitchell, Personnel Director,
Help the Aged,
St James's Walk, London EC1A 0BE.
Closing date: 23rd March 1990.

Help the Aged

CHIEF ACCOUNTANT

City £50,000 - £70,000 plus benefits

Chief Accountant to manage accounting, taxation and budgeting for a large partnership. Responsibilities to include overseeing preparation of management accounts, advising on financing arrangements, and making monthly presentations to a Finance Committee.

The ideal candidate will be ACA qualified, with previous experience in a large accounting practice and with first-hand knowledge of partnership and legal accounting. Well developed managerial skills to motivate and delegate to a team, are essential.

Interested applicants please contact: Sally-Ann Smith,
Executive and Professional Consultant,
Brook Street Capital, 1/2 Langham Place, London W1N 7DD
Tel: 01-523 3818, Fax: 01-523 0433

BROOK STREET CAPITAL

Finance Director

West Midlands

Our client is a long established, progressive engineering company trading internationally. As part of its strategy for the effective management of change the company now seeks to recruit a commercially-minded Finance Director to the board.

With full accountability for financial control of this £20m turnover business, the appointee will also give advice to the board on the financial implications of their actions and will be required to work closely with other directors on such areas as price negotiation with overseas customers.

To £35,000 + executive benefits

Candidates will be graduate-calibre, qualified accountants in their 30's and, being familiar with computerised accounting and manufacturing costing systems, will have the capacity to effectively manage a team.

The basic salary is supported by a bonus, company car, pension scheme and private health insurance.

If this position interests you please send a full CV quoting reference F/655/J to Julie Meakin, Ernst & Young Search and Selection, Lowry House, 17 Marble Street, Manchester M2 3AW.

Ernst & Young

SEARCH AND SELECTION

Financial Controller

Thames Valley

Package to £50,000 + Car

Our client is an autonomous subsidiary of a major merchant banking group. The company has gained an enviable reputation for the creation of innovative leasing and rental programmes tailored to meet the requirements of today's hi-tech market. Turnover this year will be in excess of £450 million.

Future expansion will involve an increase in core business, together with the development of additional opportunities with specialised packages and funding methods. To ensure effective management of its projected growth, the company now seeks a Financial Controller, whose responsibilities will include:

- * Day to day accounting
- * The supervision of EDP systems
- * Financial planning
- * Cash management
- * Marketing support
- * Active client liaison.

The successful candidate will be looking for increased responsibility covering all aspects of business management and control. Candidates (aged 30-45) will probably be qualified ACMA/ACA/ACCA and should possess a minimum of 3 years' in-depth experience of lease accounting. Applicants must be determined, self-motivated and able to communicate effectively with senior executives.

This is a challenging role providing a high level of exposure to senior management throughout the group and offers excellent opportunities for career progression.

Interested applicants should send a comprehensive curriculum vitae to Nigel Milford, Regional Manager at Michael Page Finance, Windsor Bridge House, 1 Brocas Street, Eton, Berks SL4 6BW.

Michael Page Finance
International Recruitment Consultants

WEST YORKSHIRE

c.£40,000 PACKAGE + CAR

For a £15 million turnover manufacturer of high quality consumer products. The company has a well established presence in the market place and has ambitious plans for future growth.

Reporting to the Managing Director, you will be responsible for the entire finance function. Your role will be wide ranging with emphasis on business planning, performance monitoring and the maintenance of sound financial controls. In addition, you will be expected to play a key role in the commercial management of the business.

You will be a qualified accountant, in the age range 30-45, with substantial "hands on" experience of

controller or director level in a manufacturing environment. Essential personal attributes will include excellent communication and interpersonal skills together with a high degree of self motivation.

Please write enclosing your curriculum vitae and a day time telephone number, giving an indication of your present salary to Angela McDermott, Coopers & Lybrand Deloitte Executive Resourcing, Abdon Court, 5 Abdon Place, Leeds, LS1 6PJ quoting reference 27AM.

Coopers & Lybrand Deloitte is the business name used by Coopers & Lybrand and Deloitte Haskins & Sells in the UK. The two firms are in merger as from 29 April 1990.

EUROPEAN FINANCIAL CONTROLLER

U.S. Multinational

c.£40,000
+ Substantial bonus
& prestige car

Our client is the highly successful electronic components division of a U.S. Multinational, with sales & marketing operations already well established in the U.K., France, Germany, Italy and Scandinavia. A manufacturing base is currently being set up in the Midlands to support their further expansion into Europe by 1992 and they now need a strategically thinking Controller aged under 40 to drive the financial side of this major initiative.

Reporting to the European Vice President and working closely with local country Controllers, strong communications & presentation skills will be essential, coupled with considerable commercial awareness gained in quarterly driven, multinationals. A working knowledge of French/German accounting systems and practices is desirable and, since the Group is highly acquisitive, a pro-active approach to rapid growth is also important, as is the ability to talk financial language at a marketing level.

In return our client is offering an extremely attractive salary and benefits package, including a substantial achievement related bonus, prestige car and relocation assistance to an attractive part of the West Midlands.

To discuss the role in confidence, and to arrange a local meeting, please telephone Tony Williams on 01-629 8677 until 8.00pm daily.

MANAGEMENT RECRUITMENT SPECIALISTS

Financial Directors

To secure the best appointments at senior level needs more than good advice, accurate career objectives and succinct presentation.

InterExec not only provides career advice to successful executives but also retains the unique facility of our subsidiary company InterMox to bridge the critical gap between counselling and the right job.

InterMox maintains a unique data base of some 6,000 unadvertised vacancies per annum, providing the only confidential placement service. If you are considering a move or need a new challenge then telephone (01-930 5041) for an exploratory meeting without obligation.

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Landseer House, 19 Charing Cross Road,
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The service offered by InterExec is free and can be used independently of the Counselling Service.

Senior Financial Managers

CHARTERED ACCOUNTANT - W1

£25,000 + Benefits

Expanding two partner practice in prestige location requires the services of an experienced, qualified accountant with a sound background in taxation. It is envisaged that, in conjunction with overseeing the taxation affairs of the practice, the right person will assume full responsibility for a broad range of clients.

Please apply in writing, enclosing full C.V., to:
P.K. Patel
1 Duke Street
Manchester Square
London W1M 5RD

CENTRAL KENT

c.£34,000 + CAR
+ BENEFITS

Deputy Group Chief Accountant

Our client is a quoted Group of companies with a turnover in the region of £20 million. It is a traditional, long-established business which is now successfully changing its culture to one in which financial control, profitability and commercial awareness play an important part.

A Deputy Group Chief Accountant is now to be appointed, who will have the opportunity to succeed the Group Chief Accountant on his retirement. Your key responsibilities will include: the preparation of statutory Reports and Accounts; financial accounting systems; management information systems and financial control procedures; and liaising with tax advisors. The role also includes involvement in computer systems development.

Probably aged between 35 and 45, you will be a qualified Accountant, preferably Chartered. You will have acquired good commercial experience in the private sector ideally in a service industry, and including significant computer systems involvement. Familiarity with Stock Exchange reporting requirements would be useful. Good organisational and managerial skills are essential, together with a resilient, confident personality.

Please send full personal and career details in confidence to Christopher Evans, Coopers & Lybrand Deloitte Executive Resourcing, PO Box 198, 26 Old Bailey, London EC4M 7PL, quoting reference 5372/FT on both envelope and letter.

Coopers & Lybrand Deloitte
Executive Resourcing

Coopers & Lybrand Deloitte is the business name used by Coopers & Lybrand and Deloitte Haskins & Sells in the UK. The two firms are in merger as from 29 April 1990.

The Company

Our client is a highly successful group of companies engaged in the food processing industry targeting a turnover in excess of £50 million. It is, in turn, part of an acquisitive international PLC with an outstanding record of growth. This expansion coupled with the holding company's ambitious plans ensures a rewarding future.

The Job

Your key areas of responsibility will be:

- ◆ Overall responsibility for the Group's financial and computer management.
- ◆ Development of the group's accounting structure.
- ◆ Positively influence the profitability of the group companies.
- ◆ Identify acquisition targets for the group.

The Candidate

You will be a qualified accountant, preferably in the 35-45 age range, with proven ability in the following areas:

- ◆ A high degree of technical accounting expertise.
- ◆ Development of computerised systems.
- ◆ Commercial decision making.
- ◆ Preferably with experience of manufacturing or distributive industry.

To learn more telephone, or write (enclosing up to date curriculum vitae), to Kevin Bradshaw, 3rd Floor, St. James's House, 7 Charlotte Street, Manchester M1 4DZ. Telephone 061-236-3251. All applications should be received by 19th March 1990.



Hays Executive Selection

A Group Financial Services Ltd. Company

Finance Director

Southampton

c £40,000

+ share options, car, etc.

Our client is an autonomous division of a high growth UK PLC. The division comprises three businesses, with a combined turnover of £3m, designing and manufacturing specialist high technology engineering equipment. A dynamic management team is currently being developed which requires strong financial leadership.

As Finance Director you will take responsibility for all accounting matters, and will be very closely involved in the commercial development of the division, in a role which involves negotiations and commercial decision-making. The initial brief will be to strengthen the financial systems and controls.

You will be a qualified accountant, in your thirties, with experience in an engineering environment. You will be confident and practical with highly developed commercial and negotiating skills. You will be entrepreneurial and ambitious to take up a general management role.

Please reply in confidence, giving concise career and salary details and a daytime telephone number, quoting ref 1614, to Richard Holland at the address below. You can telephone for an informal discussion on 01-583 3303 or 01-677 3803 (evenings).

BDO BINDER HAMLYN

BDO Binder Hamlyn Management Consultants
8 St. Bride Street, London EC4A 4DA

"... with a sharp eye for variances"

Financial Controller

Automotive Components

Yorkshire

c£25,000 + car

Our client - a member of a multi-national group - is a recognised market leader within its specialised sector of the automotive industry. This is a dynamic, results oriented environment underpinned by a continuing programme of investment in the latest manufacturing technology.

As a member of the senior management team, your responsibilities will be wide ranging and will include the implementation of progressive reporting systems to provide clearly focussed information on current manufacturing performance; thus you will make a major contribution to the general management of the business.

As a qualified Cost Accountant you will have a minimum of five years' experience in a profit accountable, manufacturing environment. The ability to analyse and interpret cost and profit variances is the key requirement.

Salary for discussion as indicated; the comprehensive benefits package includes assistance with relocation expenses, where appropriate.

Please write - in confidence - with full details. A. L. Brown, Ref 62189, MSL International (UK) Limited, Ebor Court, Westgate, Leeds LS1 4ND.

MSL International

BUSINESS MANAGER**Newbury, Berks**

Our client is a prestigious and highly successful commercial firm of Chartered Architects and Town Planners with an enviable reputation for creative flair and architectural excellence.

Based in Newbury, with offices elsewhere in the South East, the firm now seeks a Business Manager as a key part of its long term plan for growth.

Responsible to the Managing Partner for all aspects of the commercial and financial management of the firm, the Business Manager needs to be:

- A professionally qualified accountant.
- Possess at least 5 years post-qualification commercial management experience ideally gained in a service or project management environment.

Ca. £35k + car + benefits

- Familiar with the development of management information systems including project costing.
- A committed and enthusiastic professional.

If you have the drive, personal and technical skills to succeed within a youthful and dedicated team, please send a full C.V. including current remuneration, in confidence to:

Stephen Jandrell, Director
Baker Tilly Management Consultants Limited
20/24 The Courtyards
Croxley Centre
Hatters Lane
Watford WD1 8RR

MANAGEMENT CONSULTANTS
BAKER TILLY

FINANCIAL CONTROLLER

£25,000 + CAR + OPTIONS

LONDON, EC3

We are an on-line information and electronic publishing company currently undergoing rapid expansion which has created the need for a qualified Financial Controller.

Reporting to the Director, Finance & Administration, you will be responsible for all aspects of financial management and reporting, including preparation of management accounts to tight monthly deadlines. This broadly based role also includes responsibility for personnel and administration.

Candidates should be qualified accountants with a good management accounting background, a good knowledge of spreadsheets and an ability to work accurately under pressure. A shirt-sleeves approach is essential.

Applications in the form of C.V. to:
Box A752, Financial Times,
One Southwark Bridge, London SE1 9HL

FINANCIAL CONTROLLER

(DIRECTOR DESIGNATE)

London/Surrey borders c. £35,000 + car + benefits

We are a very profitable independent electrical retailer selling electrical appliances and consumer electronics. Our annual turnover is around £25m and we are currently undertaking an ambitious expansion programme.

We are looking for an equally ambitious Financial Controller to guide us through this exciting phase of development and beyond. Reporting to the Managing Director, you will take full control of the Company's financial and administrative affairs. In addition, you will advise on a variety of business issues and contribute to enhancing our already sophisticated computer systems.

The successful candidate will be in his/her thirties and qualified with at least five years proven financial and management experience. Good communication skills together with a 'hands on' approach is essential. You will be dynamic and ready to take on a new challenge. A Board appointment is envisaged within two years.

Applicants should reply in confidence with full CV to:
Ray Selman, Personnel Manager
Tempo plc, Unit 1, 161 Kingston Road, New Malden, Surrey KT3 2PD

TEMPO

CORPORATE FINANCE

FOUR NEWLY QUALIFIED ACCOUNTANTS
c.£28-£33,000

We are currently recruiting for a major Merchant Bank who are seeking to appoint several young ACAs to work in the following departments:

- UK domestic Corporate Finance
- European M & A
- Structured Finance (MBO/MBD)
- Venture/Development Capital

In the first instance please contact: David V. Paton who is acting as an advisor on these appointments at:

Hynes Associates Limited
Specialists in Corporate Finance Recruitment
International Business Centre
77-79 Wells Street, London W1P 3RE
Tel: 01-580 5522, Fax: 01-323 1107

DIVISIONAL FINANCE DIRECTOR

Croydon-Based

Negotiable remuneration package c.£45,000

A recently reorganised group is seeking to appoint a Finance Director for one of its operating divisions. The division which provides specialist civil and mechanical engineering and surveying consultancy services has a turnover of approximately £40 million.

The divisional finance director will report to the divisional managing director and will be an important member of the senior management team. He or she will play a key role in the implementation and enhancement of improved management information

systems and provide a significant contribution to the commercial strategy and success of the division.

Candidates should be qualified accountants who have experience of both managing the finance function in organisations of similar size and developing, implementing and enhancing computerised accounting systems.

Strong interpersonal skills and a high degree of motivation and self-confidence will be important characteristics in order to be effective at divisional board level.

The remuneration package will include a performance related bonus.

Interested applicants should write, enclosing a detailed CV indicating current salary, to David Sutcliffe, Executive Selection Division, Price Waterhouse, No 1 London Bridge, London SE1 9QL.

F.C.C.A.

20 years in Africa, EEC, World Bank and other donor funded development programmes plus commercial organisation. Project management, planning, negotiations. Location immaterial as long as challenging situation with commensurate rewards. Available now for short or long-term assignments.

Write Box A1483, Financial Times, One Southwark Bridge, London SE1 9HL.

INTERNATIONAL APPOINTMENTS

We are one of the largest French financial institutions operating more specifically on the stock market. In this area, we would like to have an actual company "guide post". For this reason, we are currently looking for a:

STOCK MARKET STUDIES MANAGER

Within our R & D, at the head of a small team of analysts, his task will be:

- to implement instruments for observing and gauging the market (basing himself on what is used in France or in other countries),
- to analyze the results and summarize them,
- to distribute the resulting studies, both within the company and outside it, and promote their usefulness.

To fill this position, we are looking for a person with a university degree (finance, economics, statistics) and 3 to 5 years experience in the research department of a stock-dealing firm or financial institution.

In addition to being dynamic and rigorous, we ask that the candidate be familiar with micro-computers and have a good level of French.

For the initial contact, send your complete dossier (hand-written letter, resume and desired salary) to our consultant Denis SESBOUE - COREX - 11, avenue Myron-T.-Herrick 75008 PARIS, under reference REBIFT.

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